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The CREDIT WORLD

Official Publication of the National Retail Credit Association
National in Name---International in Scope

December, 1936 — Vol. XXV, No. 3

KANSAS CITY—At the Crossroads of America!

Located in the "Heart of America," Kansas City combines the conservatism of the East and the "rarin'-to-go" enthusiasm of the West in a perfect blend. Its credit association is 100 per cent National, with many coordinated group units: The Credit Analysis Club, a Credit Women's Breakfast Club, as well as professional and rental credit groups.



Photograph courtesy of The Merchants Association of Kansas City. (Used each month on the cover of that association's monthly magazine, "The Shoppers' Guide.")

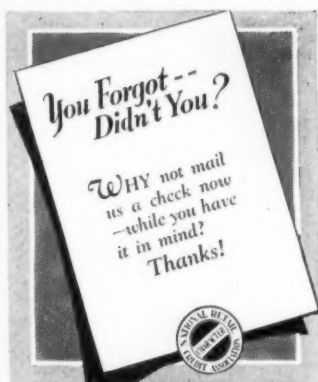


National Collection Stickers

1. "Standard"

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50; 500 assorted, \$1.50.

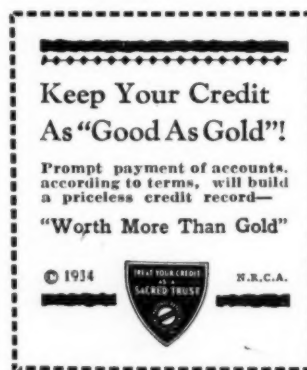
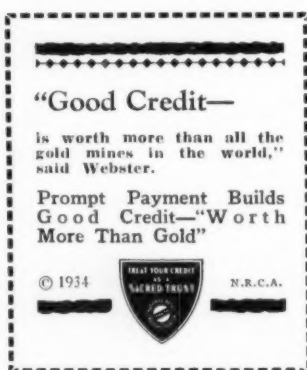


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Order Either Series from Your
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Credit Association, 1218 Olive St.,
St. Louis.



The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

December, 1936 Vol. XXV

No. 3

EDITORIAL AND EXECUTIVE OFFICES

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CONTENTS

Editorial Comment	2
Soft Merchandise! Budget Plan! Letters of Credit!	4
Successful Selling—On the Budget Account Plan	6
October Trends—A Fast-Reading Review	10
Retail Dairy Credits—1900 to 1936	12
District Conferences In the Offing	13
After Christmas—What Then?	14
The Nation's Collection Percentages—October, 1936, Versus October, 1935	16
The Effect of Governmental-Insured Credit on Retailers' Terms	18
Credit Department Letters	20
A Little Rhyming Now and Then—	22
Local, State and National Membership Drives In Texas	23
Credit News Flashes—Personal and Otherwise	24
A Suggested Program for "Pay Promptly" Advertising and Publicity	26
"Let's Advertise!"	27
The Membership Drive Goes Forward "On All Fronts"	29
The Credit Clinic	30
Who Says the Credit Man Is Not Sales-Minded?	31

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In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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Again--That Age-Old Wish!

TIME again brings the welcome opportunity to extend to each and every one of our members that age-old wish of the Christmastide—

A Merry Christmas and A Happy New Year!

OFTEN, throughout the year, in the stress and strain of business, we long for better acquaintance—for the privilege of knowing, intimately, those who make up our membership.



YOU who have helped us, by your suggestions, your advice and your encouragement during the current year have earned our lasting gratitude.



OF COURSE, we cherish the hope (each of us) that, *some day*, we may be able to thank you in person—to meet you and call you "Friend"!



UNTIL then, though, we must content ourselves with tendering you, through these pages, that old wish that never grows old: *A Merry Christmas to You and Yours and a Happy New Year!*

The National Office

EDITORIAL COMMENT

From the Pens of Other Editors



How Will We Use Credit?

(An editorial in the "Milwaukee Journal"—
Milwaukee's Leading Daily—
November 16, 1936.)

CREDIT aids buyer and seller and stabilizes the flow and consumption of goods. But credit, unwisely used, may become the octopus that drags both creditor and debtor to the depths of insolvency. L. S. Crowder, General Manager-Treasurer of the National Retail Credit Association, therefore is right when he now warns merchants not to over-extend credit and tells us to remember that "too great an extension of credit during the boom days was one of the factors that led to the collapse of 1929."

Consider the course of many an American family: It bought a car, or perhaps two, on credit. It traded in "the old bus" as a down payment and assumed monthly instalments for the balance.

It bought a radio on similar terms. It perhaps refurnished its home on the time-payment basis. It acquired mechanical refrigeration, laundry machinery, automatic heating, maybe fur coats, jewelry and silverware, all on the same easy-payment terms. No one of these purchases would have overstrained the resources of this family. But, with easy credit running against a dozen bills, the family found itself in a morass of monthly payments quite beyond its financial capabilities.

So there were defaults. Individuals and families came to legal or virtual bankruptcy. They were withdrawn from the consumer market and rendered impotent as buyers of new goods because they were tied, by too-easy credit terms, to old goods.

Out of this came some share of the national depression. Out of it, too, came a nation-wide wail against creditors. This protest was, of course, quite unreasonable from one viewpoint—the creditors, for the most, had honestly provided the goods and openly laid down the terms of payment. Yet there was some measure of justice in it.

Creditors who grant "easy terms" without inquiring into how many prior claims, under other easy-payment contracts, the debtor already has assumed, aren't wisely using the credit structure. They deserve what they get if the structure collapses under the overload.

So Mr. Crowder's warning to merchants is timely. We should, of course, use credit. A

proper volume of instalment buying is beneficial. There is no objection to time payments or easy terms within sound limits, but the American people undoubtedly got themselves more deeply into the depression by their overload of time payments and perhaps got themselves out of it by not buying for awhile, paying up, defaulting and writing off some of this debt load. It would be sheer folly to go right back to the old, overweighted credit situation again, and it is largely up to merchants to prevent that eventuality.



Guarding the Nation's Profits

Extracts from an editorial by Henry H. Heimann, Executive Manager, National Association of Credit Men, in "Credit & Financial Management," November, 1936.

There are still those in industry who think of their credit department in negative terms. The credit department is and should be a positive department. It should be the most potent influence for business development in any organization. The credit department, in the final analysis, is the guardian of the profits of the business. And profits, let it be emphasized, are only potential profits until they are completely realized.

The modern credit manager does more than merely reduce losses and collect accounts. He analyzes conditions . . . he appraises his customer; he develops a complete picture of his customer's credit habits. . . .

The modern credit manager is vitally interested in legislation. He knows his guardianship of profits depends upon sound credit legislation. He knows also that from the moment he assumes the position of credit manager of his company he has enrolled in a practical university from which he will never graduate. To keep abreast of the times he constantly educates himself. He is thus a vital force in the erection of standards against unsound credit legislation, an architect planning and building sound credit structures.



City Nationally Recognized

(An editorial from the Fort Lauderdale [Fla.] "Daily News"—November 16, 1936.)

Lauderdale received more excellent national publicity yesterday when the National Retail Credit Association released figures to show that this city showed a 25 per cent improvement in retailers' collections over the comparable period a year ago, leading the nation.

This is substantial publicity that reaches a substantial people who have the money to invest in Lauderdale's future. Such figures are accepted by substantial people

(Continued on page 31.)

The Bureau Telautographs a Report

(SHOWN BELOW)

and the Store Receives It THEN

AT THE VERY MOMENT IT IS WRITTEN!
(NOT HOURS OR DAYS LATER)

10-24-36 DD 11:00

John H. Doe

1629 East 13

Cif 9-10-32

Li 10-24-36

Crane Co: Here 6 yrs. Is
a Clerk. pft. Think
Ok for Credit.

Turn 11-32 100⁰⁰ No. aa

Sept sev. yrs. 40⁰⁰ No. 300

Sept Lt 12⁰⁰ No. 300

Sept Lt 40⁰⁰ 12⁰⁰ 600

Clo Lt 42⁰⁰ No. 300.

Sept Lt 20⁰⁰ No. 300

Bk Sm *satisfactory*

Sample *Complete*

This message (a "Specimen" report) was written on a Telautograph instrument installed at The Retail Merchants Association, Tulsa, Oklahoma. As it was being written at the bureau offices, a perfect facsimile was appearing at the credit department of a department store several blocks distant, **and only one person's time** was required because the machine at the store received the message without the aid of anyone.

Thus, the bureau and the store profited—not only in saving the time of one employee but the credit granter at the store received perfect authorization to open an account immediately which, of course, increased sales for that day. The record shown on the left side of this page is an indelible one and cannot be altered either at the bureau or the store.

COMPARE

This system with a slow messenger service (with carbons easily altered or blurred in transit) or an oral means of communication requiring the time of two people to send and receive with no record which means extra expense and no assurance because of the chances of shifting responsibility **after** the merchandise has left the store.

In the Past 30 Days
3 Stores in San Diego,
Calif., Ordered Store-
to-Bureau Service!

34 Bureaus
Connected to 183 Stores!

Our Service Charges Are
About \$1.00 Per Day for
Each Store Connected
to the Bureaus

Ask for G. B. 36 and Send for Our Man Now! No Obligation—of Course
TELAUTOGRAPH CORPORATION

(45 BRANCH OFFICES IN U. S. A. AND CANADA)

Factory and General Offices: 16 West Sixty-First St., New York City

Soft Merchandise! Budget Plan! Letters of Credit!

By F. G. LITTLEJOHN

Of the Credit Staff of the Broadway Department Store, Los Angeles, Calif.

WHAT do these words mean? Seemingly they are of tremendous importance these days, for since the National Convention in Omaha last June, Mr. S. E. Edgerton, Credit Manager of the Broadway Department Store, has received many letters of inquiry on this type of credit selling. As he went down (figuratively) for the last time under an engulfing wave of correspondence this morning, topped by a letter bristling with ???'s from a credit executive in Tennessee, he realized something must be done to satisfy curiosity.

So he suggested I submit an article dealing with our method of selling "soft merchandise" on a budget plan. The reason Mr. Edgerton is not writing this article himself is due to his belief that he might be overzealous toward this plan of selling and any remarks he might make would be too enthusiastic.

Former credit requirements, with which you are all familiar, have been satisfactory in meeting the demand for credit until recently. To adjust the old régime to the new trend, our credit policy has had to assume a new flexibility. We have met this change with our "Letter of Credit."

This method was evolved to meet the demand of the customers who had character, moderate capacity, but little capital. We know it is difficult to refuse this type of applicant on open account.

However, as these are customers we wish to accommodate, we have found it advisable to place the appropriate account at their disposal. Our plan is simple and it can be definitely controlled.

First, let me say that, in all cases, an application is taken in the regular way—and a report obtained from our credit association. We do not open these accounts promiscuously or in a haphazard manner. However, more consideration is given with regard to permanency of employment, salary and past paying records (where such records are available) rather than to ownership of property, bank account, etc., which to us, in most instances, would be a necessary requirement when opening a regular charge account.

A contract is signed wherein the customer agrees to make stipulated monthly payments. If the account is opened, a small "Letter of Credit" card is given to her. On the reverse side of this card is designated the amount to which she is permitted to charge.

This card is presented to the salesperson each time a purchase is made. The salescheck must be signed by the customer and the card sent with the salescheck to the authorizers who enter the amount of the purchase on the card, deducting it from the last balance shown thereon. In this way the customer has an up-to-date record of the exact amount she still may spend.

A "Letter of Credit" can be purchased in any amount from \$15.00 to \$100.00. The minimum monthly payment is \$5.00. Carrying charges are computed at the rate of one-half of 1 per cent per month for the life of

the contract, on the balance of the account after a down payment of 20 per cent has been made.

In the event full payment is made in thirty days the carrying charge is credited. The time limit on any contract is not to exceed six months. No additional are granted on the original contract, nor do we issue a second "Letter of Credit" until full payment has been received on the existing agreement.

The customer may buy any type of merchandise. However, if "hard merchandise" is purchased we still prefer to make arrangements on a regular lease, which allows more liberal terms and at the same time reserves our right of repossession.

The thought placed with the customer is that *she alone controls the spending*—we control the method of payment—and payments must be made on the dates specified, regardless of whether or not the "Letter of Credit" has been used up to the amount paid in. This eliminates misunderstanding regarding collection.

Our Community Credit Policy does not permit newspaper publicity on this plan. We are permitted to use direct mail advertising, but no extensive campaign has been carried on.

Practically the only knowledge the buying public has received is from those customers who have availed themselves of this convenience, or from our salespeople who are permitted to suggest this manner of buying. For this reason, we are particularly pleased with the momentum it has gathered during its first year; and we are confident that, as time goes on, it will become more and more popular.

This indicates an eager acceptance of the plan by our buying public. Our increase in good will may in part be credited to the fact that we have been able to accommodate friends of the store who heretofore were not able to meet our requirements for a regular charge account and were, therefore, forced to buy from an institution which offered the convenience of budget terms.

Enlightening facts: Loss incurred from bad debts (and collection expense) is surprisingly low. A fairly accurate count shows that three out of every five "Letters of Credit" represent a repeat on the plan. The number of "Letters of Credit" opened for our regular charge customers is nominal. Operation expense is no more than it is for regular or lease accounts. There has been no breakdown in the term structure of our installment plan on "hard merchandise."

Of course, it is difficult to determine the number of buyers who have been converted from a cash basis to the "Letter of Credit." Those who may have paid cash in the past and now use our budget plan undoubtedly feel more at home in "the Broadway," and we feel we have made it possible for them to concentrate their purchasing in our store.

The use of the "Letter of Credit" as an instrument for reestablishing accounts (providing circumstances permitted) which were formerly closed due to slow paying

I have not mentioned that my information relative to the value of this plan has been gathered from a year's experience on the firing line as a credit interviewer in our Credit Office. I have had no experience in other department stores and, therefore, believe I am free from prejudice toward conventional thought and practice which might have influenced me to harbor a more hostile attitude to this type of selling.

Various forms used in the "Letter of Credit" plans are reproduced in the plate on this page.

Figure 2 (Form 236 "A") is the contract signed by the customer; on this form all credits to the account in the form of payments and returned merchandise are entered. Posted thereon, also, are the total amount permitted to be charged

[illegible]

NAME		DUE		ACCT. NO.	
TERMS				DAY OF EACH MONTH	
	DATE	CHARGES	CREDITS	BALANCE	ACCT. NO. TRANS.
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
BROADWAY DEPARTMENT STORE, INC.					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					

YOUR CORRECT BALANCE IS PRINTED ON THIS RECEIPT BOOK.
 PER AND INK ENTRIES ARE NOT VALID.
 ALWAYS PRESENT THIS BOOK WHEN MAKING PAYMENTS.
 OR MAIL WITH YOUR REMITTANCE

FORM 100-1000

Figure 3 (Form 199) is the authorization card which, when the signature of the customer is obtained, is sent to the tube room. All the signatures on saleschecks must correspond with this signature, and the charge is authorized from this card.

Silver Anniversary—National Retail Credit Association—Spokane, Wash., June 15-18, 1937. Plan now to attend.

it"
ust
the

DATE ACCT. OPENED
WIFE'S NAME
BUSINESS ADDRESS
CLOSED
NEW ADDRESS
SIGNATURES OF AUTHORIZED BUYERS

No.

REOPENED

NAME
ADDRESS
LIMIT

NAME
ADDRESS
LIMIT

NAME
ADDRESS
CITY

TERMS
DUE
DAY OF EACH MONTH BEGINNING

LIMIT
DOWN PAYMENT
CARRYING CHARGE
BALANCE
INSURANCE

DATE	CHARGES	CREDITS	BALANCE	ACCT. NO.	MEMO
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

1. INS. DEBITS 2. INT. DEBITS 3. JOURNAL DEBITS 4. TRANS. DEBITS 5.
6. INS. CREDITS 7. INT. CREDITS 8. JOURNAL CREDITS 9. TRANS. CREDITS 10. MDSE. CREDITS

3530

hereinafter referred to as the buyer, desires to purchase merchandise to the amount of \$_____ at the Broadway Department Store, Inc., hereinafter referred to as the seller, and desires to pay the amount owing on such purchases on an installment basis.

THEREFORE in consideration of the seller issuing a certificate of credit to the buyer in the sum of \$_____ the buyer agrees to pay the said sum together with a carrying charge of \$_____ making a total of \$_____ on the following terms and conditions:

The sum of \$_____ immediately and the sum of \$_____ on the _____ day of each calendar month thereafter, until the total amount of \$_____ is paid in full.

TIME is of the essence hereof; and should the buyer be in default in the payment of any installment due hereunder or in the performance of any condition hereof, the seller may at its option terminate all the rights of the buyer and, without demand or notice of any kind, declare the entire amount owing on any purchases made hereunder immediately due and payable. Should the seller be obliged to commence any action at law to collect any moneys herein agreed to be paid, the buyer agrees to pay any reasonable attorney fees which may be incurred by the seller in connection with any such action.

THE parties hereto acknowledge that there are no written or oral representations or agreements other than those expressly stated herein.

Dated the _____ day of _____ 19____

Witness: _____

BROADWAY DEPARTMENT STORE, INC.

FORM NO. 100-100-10-02



Successful Selling-- On the Budget Account Plan

By A. J. KING

Credit Manager, Scranton Dry Goods Co., Scranton, Pa.

IT IS an old saying that nothing undertaken is nothing gained. So it is with the installment business.

A few years ago, the only type of stores that thought in installment terms were, for the most part, furniture stores. Now, most all stores or business places talk installment terms.

For years, the firm I work for has been selling merchandise of both the so-called "hard line" merchandise and that of what some term the "soft lines"—on the installment plan.

We have not suffered any more by selling particular types of soft-line merchandise on the budget account plan (or installment account, if you want to term it that), than we have on the hard or lasting merchandise accounts.

We feel that if Mrs. John Public wants to purchase one or two blankets on a plan that allows her more than thirty days to pay for the merchandise—if her credit warrants it—there is no reason why we should not grant her a Budget Account for the particular articles selected.

So Mrs. Public purchases her blankets and we set up a Budget Installment Account. She pays the required amount down (which would be based on the amount of the purchase) and if the amount is in the limit of say \$10.00, Mrs. Public will have three months to pay for the blankets.

Some may say: "Well, that runs your Credit Office expense up, allowing your customers to put such small amounts on a Budget Account, rather than a thirty-day account." Perhaps it does but, even so, is not this more than offset by the additional business we place on our books?

And remember, too, such customers, even on such a small amount, might prove to be very slow pay on the "open" type of account, taking perhaps five or six months to pay for the same article! On the other hand, the Budget Account, if properly opened, will be paid out in three months, exactly, according to the agreement or terms of the contract.

Then again, there are some of our very best customers on "thirty-day" accounts, who desire to have articles they may purchase, at different intervals, extended on a budget account, rather than charged on their open account.

Their reason is very easily explained: Incomes and salaries have been curtailed so drastically during the past several years that—for a great many people—it is not possible to purchase articles that they may want for their homes (or even clothing, in some cases), and pay for them in one month's time.

There are many desirable installment accounts today purchasing just such articles on the various plans that each individual store may have. They are proving to be good payers and regular buyers, while normally, but not

in all cases, they might be rather slow "open charge account" customers.

We have achieved some degree of success with the installment type of account through the medium of what we consider a proper set-up, *beginning with the opening of the new account, and the "follow through" until the final payment has been made.*

This means that, when the interviewer takes the application, all conditions of the purchase-contract must be properly explained to the customer and, after the account is accepted, a collection follow-up should be provided, automatically collecting the payments according to that contract.

An important factor in this collection of the installment account is the time limit, or the number of months allowed the customer to pay for the articles purchased.

Notwithstanding the fact that we have no community credit policy in this city (something that the writer regrets very much), *our store owners do not allow the terms of other stores to urge them into "doing one better than their competitors."* We do not allow terms to sell our merchandise. The merchandise is sold first and terms come after. Ours is a rigid credit policy, from which we rarely are permitted to deviate.

For the past nine years we have been very successful in selling men's suits and overcoats (or topcoats) on what we term "A Man's Charge Account." We require a one-fourth down payment on this type of purchase. No carrying charge is added if paid within three months.

(Note that I mentioned a down payment of one-fourth of the amount of purchase.)

We have also been doing the same thing on ladies' coats, suits and dresses, subject to the same terms.

Some "Doubting Thomas" may say this cannot be done, this business of a down payment on every budget account of this type we open. I will grant you this, but I can say, also, that we have never lost one desirable account, particularly of the men's clothing type, because the purchaser was unable to make the down payment. In nine years of selling to men on the installment account, we could safely say that the accounts we have opened, without the down payment, could be counted on the fingers of two hands!

The only accounts that we have lost from time to time, when the customer has had no down payment, are those which, after being checked through the credit bureau, would have been rejected for credit.

In certain cases, the interviewer has consulted me regarding a customer, who is adamant about not making a down payment. It is never difficult to explain the situation to the customer's satisfaction and suggest, at the

(Continued on page 8.)

Explanation of Forms: *Figure 1*, application blank; *Figure 2*, letter sent out when account is opened—accompanied by copy of contract or lease. *Figure 3* is an advertising slip also sent out at this time.

Figure 4 is a letter sent on installment accounts which are nearly paid out. (Letter and idea taken from our friend, Dean Ashby.) One of a series of installment collection letters is shown in *Figure 5*.

SCRANTON DRY GOODS COMPANY
SCRANTON, PA.

(2)

We gratefully acknowledge the opening of a Budget Account under your name.

A copy of the agreement of your account is herewith enclosed. Please bring this contract with you when making payment in person, or if you mail your payment enclose contract with your remittance. We will return contract with payment shown. If there is anything in the terms of the agreement which is not according to your understanding, please notify the undersigned immediately.

It is our sincere hope that you will always find the Scranton Dry Goods Company to be of service and the merchandise entirely satisfactory.

Thanking you for this item of business and in advance for your extended patronage, we are,

Very truly yours,

SCRANTON DRY GOODS COMPANY

SCRANTON DRY GOODS COMPANY
SCRANTON, PA.

(5)

We are disappointed in not receiving a reply to our previous correspondence regarding an overdue payment on your Budget Account amounting to \$

Inasmuch as you have failed to comply with our request to forward your payment, the entire balance of your contract has now become due and payable.

As a member of the Commercial Association Credit Bureau, which is the central listing house for all credit information for Scranton and surrounding territories, it is our custom to report all delinquent accounts to them for listing on their files and collection. This will necessitate your name being sent in to them unless the balance of your account is received immediately or definite arrangements are made to take care of the amount of your contract.

We trust you will make this action unnecessary by forwarding us your remittance on receipt of this letter.

Very truly yours,

SCRANTON DRY GOODS COMPANY

AJK:RGS

A. J. King, Credit Manager

SCRANTON DRY GOODS COMPANY
SCRANTON, PA.

(4)

We want you to know how much we appreciate the prompt and businesslike way in which you have met the payments on your Budget Account, which is nearly paid out. Customers like yourself who regard their business obligations as a responsibility are very much appreciated.

We would be pleased to have you add to your Budget Account before it is entirely paid, without your having to make a cash payment. You may purchase your household needs and we will charge it to your Budget Account, transferring the entire amount to a new contract.

Very truly yours,

SCRANTON DRY GOODS COMPANY

A. J. King, Credit Manager

(1)

APPLICATION FOR ACCOMMODATION ACCOUNT
SCRANTON DRY GOODS CO.

Name <input type="checkbox"/> Married <input type="checkbox"/> Widowed <input type="checkbox"/> Single <input type="checkbox"/>		Date
Residence		How Long
Former Residence		Phone
Name & Address of nearest relative		
BUSINESS	Address	
Employed by	Address	
Last Employer	Address	
Salary or Income	Do You Own Real Estate	Where
Your Bank	Checking Account	Value
	Dr. Credit	Limit
PERSONAL REFERENCES		STORES YOU HAVE HAD ACCOUNTS WITH
1		1
2		2
NAMES OF MONTHLY BUYERS		
It is understood that if this account is opened, bills for all goods purchased during any one month will be paid for by the 10th of the following month, otherwise no further credit will be allowed.		

(3)

Do You Know As Much As You Should Know About The Scranton Dry Goods Company Deferred Payment Plan?

FIRST—Thousands of Scrantonians are spending wisely—by paying for their purchases on our Budget Plan in monthly amounts so small that it is unnecessary to disturb either their investments or their expense budgets.

SECOND—They are saving by purchasing their Home-Furnishings, Fur Coats, Men's and Women's Apparel at the Scranton Dry Goods Company where prices are always remarkably low.

The Deferred Payment Plan at the Scranton Dry Goods Company offers a practical, businesslike method of making payments out of income, for those who wish to budget their expenditures for home improvements and wearing apparel.

In purchasing apparel for the family, many prefer to buy the entire season's supply of clothing, underwear, shoes, etc. at the beginning of the season when assortments are complete. The Scranton Dry Goods Company Budget Plan makes it possible to do this and pay throughout the season.

You may purchase furniture, rugs and all other furnishings for the Living Room, Bedroom, Sunroom, Kitchen and Laundry—also, Fur Coats, Men's Clothing, Women's Apparel, etc., by simply making a nominal down payment for your first payment, and the balance is then payable weekly or monthly over a convenient period.

If you wish to open a Scranton Dry Goods Company Deferred Payment Account, simply inform the salesperson after you have selected the merchandise you desire, and you will be directed to the Credit Office. It is not necessary to complete the payments on your previous purchases before adding others.

SOME OF THE MERCHANDISE THAT MAY BE PURCHASED ON THE DEFERRED PAYMENT PLAN

Baby Carriages	Blankets	Cheese	Men's Overcoats	Rugs
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls
Beds	Blankets	Cheese	Men's Suits	Shawls

Successful Selling--On the Budget Account Plan

(Continued from page 6.)

same time, that the merchandise be held until the down payment is completed or O.K. the transaction under the condition that payment be made during the ensuing month.

Another important item in "Successful Installment Selling" is the medium of collections. It is necessary in some cases to allow extensions. However, we have never taken the line of least resistance but were always insistent that our customers abide by their contracts religiously.

We have tried to educate our customers to the fact that, once a contract is made, terms are rigidly enforced by us. Should the customer have a perfectly justifiable reason for extension of time, we do, of course, take the matter under consideration.

Suppose Mrs. Public, who is making a payment on her account, decides that she will make a partial payment. In such instances, *our cashiers have been trained to refer the customer to the head of the Credit Office or one of his assistants, to explain the "why" of the partial payment.*

In the majority of instances, Mrs. Public is loath to face the issue. So, rather than make embarrassing explanations, she miraculously discovers that she overlooked the fact that she has the amount necessary to make the complete payment!

We have found that by catching an account of this type on the first payment it is usually paid up according to the agreement. We seldom experience any difficulty in collecting the balance.

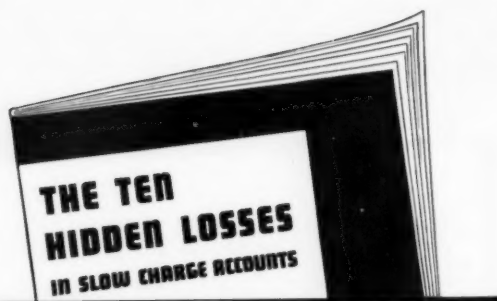
Our particular system of handling installment accounts, developed over a period of years, has enabled us to successfully maintain an average collection record of from 19 to 23 per cent on outstanding installment accounts. This should be adequate proof that the system has developed into a successful one!

One form of procedure which has proved of material assistance in the collection of our installment accounts provides a *follow-up notice to the customer, five days after due date of payment.* Should additional notices be required, they are mailed at 10-day intervals.

We do not overlook the fact that many of these installment accounts are potential customers for other purchases at all times. We reopen many of them, shortly after they are paid out, by giving a list of their names to different departments, to work on them for purchases to be placed on a new or reopened budget account. A check of our records shows that it pays to do this.

Last month we gave one particular department of the store around three hundred names of closed installment accounts from previous months, and over 60 per cent of them were reopened for purchases in that department, the amounts ranging from \$10.00 up per account.

In closing, may I again state that, if we have the courage, anything is possible. Our records clearly show that we can sell any type of merchandise on the installment basis—and our collection percentages and our losses prove that it is successful. All we need in this day and age, to make a success of selling on the installment plan, is to "dare to be a Daniel."



HIGHLY ENDORSED

By Prominent Credit Men

The booklet that credit managers are talking about is "The Ten Hidden Losses In Slow Charge Accounts." This authoritative, scientific yet practical work of Dr. Clyde William Phelps is appreciated not only because it "puts the finger" on losses but also offers workable methods of stopping each loss.

SAMPLE COPY SENT TO YOU FREE

This new title in the Household Finance Educational library is compiled by Dr. Phelps from leading authorities, acknowledging also assistance by many experienced retail executives. It is profusely illustrated, 36 pages, paper bound. Sent to you free in response to coupon below. Read what leading credit managers have to say about this new book:

MILWAUKEE SAYS:

"'Ten Hidden Losses' carries a most important message and a warning to retailers. A copy of it should be placed in the hands of the chief executive of every large and small retail store in the country.

"Few executives give any thought to anything but sales and if only a small percentage could receive this booklet and would read it, some thought might be given to this most serious matter."

—Credit Manager, Dept. Store

NEW YORK SAYS:

"I think if the retailers for whom 'The Ten Hidden Losses' is intended read it and conduct their business accordingly, your company will earn their everlasting gratitude."

—Credit Manager, Women's Wear

NEW YORK SAYS:

"Thank you for the booklet on 'The Ten Hidden Losses' by Dr. Clyde William Phelps. It was very interesting and constructive, and written in such a manner that even those not engaged as credit managers can readily understand it. It is a booklet that should make many merchants and credit men think a little deeper about what constitutes a profitable account."

—Credit Manager, Dept. Store

LOS ANGELES SAYS:

"You are to be congratulated upon having selected for your Credit Research work such an able authority as Dr. Phelps. The booklet appeals to me as being unusually helpful to the host of smaller merchants obliged to do a credit business, but whose set-up does not permit employing a credit sales executive. Your institution is doing splendid work in spreading information of the character given in 'The Ten Hidden Losses'."

—Credit Manager, Dept. Store

Mail This Coupon For Complimentary Copy

A feature of this useful book is the chapter, "How To Make Prompt-Paying Customers Out Of Your Slow Accounts." Under this heading is given a sound, workable program for educating charge customers to pay promptly. For free sample copy, mail this coupon TODAY.

HOUSEHOLD FINANCE Corporation

Room 3049-P, 919 N. Michigan Avenue, Chicago, Illinois

Please mail me free copy of "The 10 Hidden Losses In Slow Charge Accounts." This request places me under no obligation in any way.

Name.....

Address.....

City.....State.....

Stickers for "Inactive" Accounts

Use on "blank" statements each month --
or as a series -- one each month

**We Missed You
Last Month!**

▼▼

Anything wrong? If
so, please give us a
chance to correct it.

**We Value
Your Patronage!**

© 1934, N. R. C. A.

**Your Account
Is Balanced!**

▼▼

This is just a re-
minder that we
missed you last
month.

**Use Your
Charge Account!**

© 1934, N. R. C. A.

**You Don't Owe
Us a Cent!**

▼▼

Yes! We've noticed
it and we hope you
will use your charge
account this month.

**Your Patronage
Is Appreciated!**

© 1934, N. R. C. A.

Exact size shown by dotted lines. Printed
in one color. Price, \$2.00 per 1,000

National Retail Credit Association
1218 Olive Street St. Louis, Mo.

Special Warning!

The United States Department of Justice has called our attention to several complaints that some merchants and credit bureaus are withholding credit information and continuing a policy of joint refusal to give information—*in violation of the Consent Decree and Stipulation.*

Specific instances are mentioned of retailers who have returned inquiries to which they attached printed stickers announcing that they give information only to their credit bureaus.

We have previously issued warnings against the use of such stickers and in each instance brought to our attention we have written the offending retailers that such practice may be construed as a local agreement or practice in the handling of direct inquiries.

We earnestly advise every member to abide by the Consent Decree and the subsequent Stipulation and we again reproduce Conditions One and Two of the Stipulation of May 6, 1936:

The first condition is: That all individual members, that is merchants, stores and the like, of the Association and the Corporation will strictly refrain from any agreement or tacit understanding that they will refuse to answer direct inquiries for credit reports and information and will abandon any agreement and understanding and concerted practice of referring all such direct inquiries to Credit Bureaus of the Association or Corporation of which they are members.

The second condition is: That the Credit Bureaus or Agency members of either the Association or the Corporation will render credit reporting service to members and non-members alike without any price discrimination of any sort against non-members, except where the Bureau is owned or supported or controlled by the stores there may be a different price to the public, in which case, prices to the public and not to member stores will govern in connection with non-member inquiries, local, foreign and inter-bureau.

Members -- Read!

Important Change In Constitution

The Twenty-Third Annual Convention of the National Retail Credit Association, at Omaha, Neb., June 18, 1936, by unanimous vote, adopted the following change in the Constitution:

Article III, Section 3 (c). Any individual member or member of an affiliated Association or any Credit Reporting Bureau or Agency holding membership in this Association found guilty of violating the Consent Decree dated October 6, 1933, as clarified by the stipulation dated May 6, 1936, will be expelled.

The guilt or innocence of the accused person, Bureau or Association will be determined in the manner prescribed in Article IV.

Complaint filed with the Association at its executive offices by the United States Department of Justice shall be prima facie evidence of guilt.

It shall be the duty of the Manager-Treasurer to promptly prefer charges in conformity to Article IV against any member reported to have violated the Consent Decree when such report is accompanied by satisfactory evidence.

Members: Read thoroughly and be governed accordingly. *Violation means expulsion.*

—L. S. CROWDER,
General Manager-Treasurer.

October Trends--A Fast-Reading Review

... The barometer of retail business -- a nation-wide cross section of facts and opinions on retail collections and credit sales for October, 1936, as compared with October, 1935, compiled by
Research Division -- National Retail Credit Association ...

A NATION-WIDE improvement in general business conditions—an almost universal “pick up” in employment—higher prices for farm products: these, again, are the reasons given for the increases of 5.3 per cent in collections and 14.1 per cent in credit sales for October above October, 1935.

High-Lights for October

62 Cities reporting.
17,615 Retail stores represented.

COLLECTIONS

53 Cities reported increases.
5.3% Was the average increase for all cities.
25.0% Was the greatest increase (Fort Lauderdale, Fla.).
3 Cities reported no change.
6 Cities reported decreases.
4.0% Was the greatest decrease (Providence, R. I.).

CREDIT SALES

60 Cities reported increases.
14.1% Was the average increase for all cities.
36.0% Was the greatest increase (Decatur, Ill.).
2 Cities reported no change.
..... No cities reported decreases.

Augusta, Me., reported collections and credit sales unchanged. Retail business held its own in spite of unseasonable weather. Working conditions seem to be a little better—business seems more stable. . . . *Manchester, N. H.*, reported retail business had held fairly steady dur-

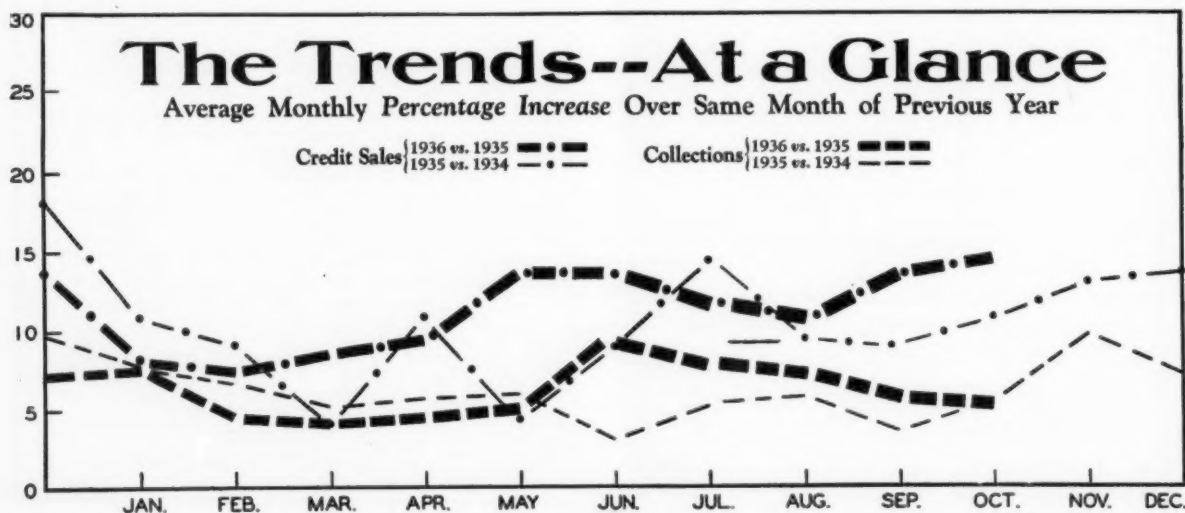
ing October, with conditions in the shoe industry favorable.

Collections and credit sales continued to increase in the *New York* and *Pennsylvania* area. . . . *Pittsburgh* reported a general improvement in industry which is running above 90 per cent of normal, with employment conditions greatly improved. Workers received 25.0 per cent more wages for the first nine months of 1936 than for the corresponding period of 1935. The continued full-time working schedule at the coal mines and coke manufacturing plants resulted in an increase of 9.0 per cent in collections and 11.0 per cent in credit sales in *Uniontown, Pa.*

Collections increased 25.0 per cent in *Fort Lauderdale, Fla.*—the highest percentage of all the cities reporting—due to continued building activity and no unemployment. “People have had time to catch up on their old accounts and there are practically no able-bodied men without steady incomes now.”

Abilene, Kan., reported collections for October decreased considerably under October, 1935. . . . Both collections and credit sales increased 10.0 per cent in *El Dorado, Kan.*, due to increased employment and extensive building operations. . . . Increases in collections and credit sales in *Joplin, Mo.*, were also attributed to improvement in the employment situation. . . . Credit sales in *St. Louis* increased 25.0 per cent over October, 1935. Increases in credit sales were noticed mostly in staple merchandise. Good Christmas business is expected.

Credit sales increased 36.0 per cent in *Decatur, Ill.*, due to increased business and better prices for farm products, while collections remained unchanged. . . . Increased employment, higher wages, brought a jump in credit sales of 24.1 per cent in *Evansville, Ind.* . . . Increased credit sales and collections—for all cities reporting from *Michigan* and *Ohio*—were attributed to (1)



fall spending; (2) harvest time; (3) factories working on full schedule; and (4) increased employment.

Normal increases in collections and credit sales were reported in the Iowa and Nebraska area.

Credit sales in *Tulsa, Okla.*, increased 16.0 per cent for October—one men's clothing store reporting an increase of 31.0 per cent. . . . Collections and credit sales continue to increase in *Texas*. *Breckenridge*, however, reported collections a little slow "due to the election and warm weather."

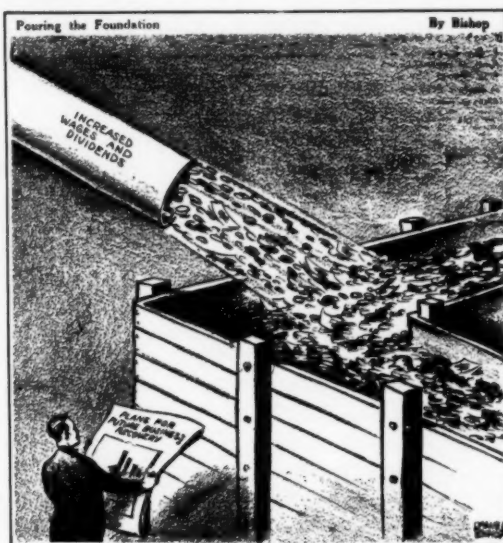
Canon City, Colo., reported an increase in collections due to better employment conditions, higher prices for local fruit crop and "all thirty-five coal mines working full time." Several large road contracts have been let in the surrounding territory. . . . Retail trade in *Denver* was reported good during October and a large Christmas business is anticipated.

Lewiston, Ida., reported collections up 12.5 per cent

due to additional employment and better prices for farm products. Merchants seem to be in a better financial condition, making it possible to extend more credit to their customers.

Collections decreased 0.3 per cent in *San Francisco, Calif.*, while credit sales increased 13.9 per cent during October. . . . Credit sales in *Santa Barbara, Calif.*, remained unchanged due to the election.

An improvement in general business conditions and an increase in employment also affected collections and credit sales in *Canada*. *Victoria, B. C.*, and *London, Ont.*, reported their increases due to these two factors.



—Courtesy St. Louis Star-Times

Death of Mrs. Weinstein

As we go to press, we learn of the death of Mrs. Weinstein, wife of Mike Weinstein, Credit Manager of Foley Bros. Dry Goods Company, Houston, Texas. The National Office extends sincere sympathy to Mr. Weinstein in his bereavement.

Comparative Reports--By Cities--October, 1936, vs. October, 1935

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease	District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	No chg.	Fair	No chg.	Toledo, Ohio	Good	+17.0	Good	+20.0
Boston, Mass.	Good	+ 2.6	Good	+ . . .	Milwaukee, Wis.	Good	+ 2.1	Good	+ . . .
Lynn, Mass.	Good	+ 3.2	Good	+ . . .	Average	Good	+ 4.0	Good	+18.3
Worcester, Mass.	Fair	+ 4.6	Fair	+ . . .	7. Cedar Rapids, Ia.	Good	+ 4.5	Good	+ 7.0
Manchester, N. H.	Fair	+ 5.0	Fair	+ 2.0	Davenport, Ia.	Good	+ 1.4	Good	+ . . .
Pawtucket, R. I.	Good	+ 6.6	Good	+14.6	Des Moines, Ia.	Good	+ 1.5	Good	+ . . .
Providence, R. I.	Fair	- 4.0	Good	+10.1	Duluth, Minn.	Good	+ 2.5	Good	+ . . .
Average	Fair	+ 2.6	Good	+ 6.7	St. Paul, Minn.	Fair	- 2.0	Fair	+ . . .
2. New York, N. Y.	Good	+ .4	Good	+ . . .	Omaha, Neb.	Good	+ 5.0	Good	+ . . .
Syracuse, N. Y.	Good	+ 2.5	Good	+10.0	Average	Good	+ 2.1	Good	+ 7.0
Utica, N. Y.	Fair	+ 5.0	Fair	+ 4.0	8. Tulsa, Okla.	Good	+ 1.5	Good	+16.0
Erie, Pa.	Good	+ 2.0	Good	+ 9.5	Amarillo, Tex.	Good	+10.5	Good	+10.0
Pittsburgh, Pa.	Good	+11.0	Good	+14.0	Austin, Tex.	Good	+ 1.2	Good	+30.0
Reading, Pa.	Good	No chg.	Good	+ 5.0	Borger, Tex.	Good	+ 7.0	Good	+ 8.0
Uniontown, Pa.	Good	+ 9.0	Good	+11.0	Breckenridge, Tex.	Fair	+ . . .	Fair	+ . . .
Average	Good	+ 4.9	Good	+ 8.9	Fort Worth, Tex.	Good	+ 4.0	Good	+29.1
3. Charleston, W. Va.	Fair	+ 4.0	Good	+14.0	Houston, Tex.	Good	+10.9	Good	+23.2
4. Fort Lauderdale, Fla.	Good	+25.0	Good	+20.0	Pampa, Tex.	Good	- .1	Good	+11.0
Jacksonville, Fla.	Good	+10.0	Good	+10.0	Average	Good	+ 5.0	Good	+18.9
Jackson, Miss.	Good	+18.0	Good	+25.0	9. Canon City, Colo.	Good	+ 7.2	Good	+ . . .
Average	Good	+17.7	Good	+18.3	Denver, Colo.	Good	+ 1.5	Good	+13.5
5. Abilene, Kan.	Slow	- . . .	Fair	+ . . .	Salt Lake City, Utah	Good	- 1.6	Good	+ 7.5
El Dorado, Kan.	Good	+10.0	Good	+10.0	Cheyenne, Wyo.	Fair	+10.0	Fair	+10.0
Lexington, Ky.	Good	+15.0	Good	+20.0	Torrington, Wyo.	Good	+10.0	Good	+10.0
Joplin, Mo.	Fair	+10.4	Fair	+ 4.0	Average	Good	+ 5.4	Good	+10.2
St. Louis, Mo.	Good	+ 2.0	Good	+25.0	10. Lewiston, Ida.	Good	+12.5	Good	+17.5
Nashville, Tenn.	Fair	+ 3.3	Good	+23.2	Spokane, Wash.	Good	+ 1.3	Good	+ . . .
Average	Fair	+ 8.1	Good	+16.4	Walla Walla, Wash.	Good	+10.0	Good	+24.5
6. Decatur, Ill.	Fair	No chg.	Good	+36.0	Average	Good	+ 7.9	Good	+21.0
Joliet, Ill.	Good	+ . . .	Good	+ . . .	11. San Francisco and	Good	- .3	Good	+13.9
Evansville, Ind.	Fair	+ 1.0	Good	+24.1	Oakland, Calif.	Good	+ 2.0	Fair	No chg.
Bay City, Mich.	Fair	+ 1.0	Good	+ 2.0	Santa Barbara, Calif.	Good	+ .8	Good	+ 6.9
Detroit, Mich.	Good	+ 5.6	Good	+28.1	Average	Good	+ 2.0	Fair	No chg.
Grand Rapids, Mich.	Good	+ 4.0	Good	+15.0	12. Vancouver, B. C.	Good	+ 3.5	Good	+ . . .
Mount Clemens, Mich.	Fair	+ 1.0	Good	+ 1.5	Victoria, B. C.	Good	+10.0	Good	+ 8.0
Cincinnati, Ohio	Good	+ 5.3	Good	+19.6	London, Ont.	Fair	+10.0	Fair	+12.0
Cleveland, Ohio	Good	+ 3.2	Good	+ . . .	Average	Good	+ 7.8	Good	+20.0

Retail Dairy Credits--1900 to 1936

By GEORGE L. NEUMAN

Credit Manager, St. Louis Dairy Co., Saint Louis, Mo.; President, Associated Retail Credit Men of St. Louis

IN 1900, when I entered the dairy industry (although, at that time, I was in no way connected with credit work), there was really no (so-called) credit department in our company.

Very little credit was given in those days on monthly charge accounts. About 80 per cent of our business was on a cash basis. "Milk tickets" were sold for cash in advance—so many tickets for one dollar—redeemable in dairy products.

If the customer bought only one quart or pint of milk daily (which was about the limit during that period), she would purchase one dollar's worth of tickets at a time. If she bought more, such as milk, cream and butter, she would purchase two or three dollars' worth of tickets.

Because of the insanitary condition of the tickets (being handled by both customer and deliveryman) we discontinued this system about 1910. I am reminded of those tickets by the cardboard discs now used in collection of the Missouri Sales Tax.

About that time, we inaugurated the coupon book system: These books varied in amounts (\$1.00, \$2.00 and \$5.00) and in colors: "White," to be sold to customers who had charge accounts—and "red" to be sold for cash. Each book contained coupon units of one and four cents.

(For example: If a customer bought twenty cents worth of merchandise, five four-cent units were given to the deliveryman in payment.)

These books were charged to the deliveryman (as he needed them): When one was sold, he would turn the money into the office. (Naturally, those who paid cash for coupons were paying for their dairy products in advance.)

If a deliveryman was charged, say \$25.00 for his load, when he left the plant in the morning, he would have to account for the load as follows: By the return of coupons, or cash, plus any merchandise sold to charge customers.

If, by chance, he left supplies at some home (where the lady of the house was out) and did not receive his coupons, naturally he would be "short" on his return to the office but would collect the next day.

Our office record would show, daily, this shortage. We allowed our men a reasonable shortage but if it mounted higher, day by day, then one of our route foremen would go along with the deliveryman and audit his accounts.

About 1915, we decided to partially do away with the coupons (although in the

"poor-pay" neighborhoods we still sold them for cash). In the better-paying districts, however, we opened up monthly charge accounts for such customers as we thought were responsible; or, if they so desired, weekly accounts on which they could pay our man each week, with the understanding that no bills would be rendered from our office.

About this time we introduced what is called the "House Record Card" (Figure 1). One of these was supplied each month to each of our customers, if desired.

Some did not want them, as they bought practically the same each day, and their accounts ran uniform throughout the year. Others insisted on having them to check with their bills at the end of the month, as bills were not itemized but were rendered by total of purchases for the month. (This is still our practice—see Figure 3.)

These cards are still in use today. They show a list of our products with prices of each unit and purchases are marked daily by either the customer or the deliveryman. (The coupon book system was abolished during 1935.)

In the early years, a milk deliveryman served about 150 customers; today, he will run from 200 to 350. A

DEBIT ON RECEIPT FOR ALL PAYMENTS MADE ON OUR ACCOUNT

MAIN OFFICE: 1834 Pine Street
 West End Branch: 1125 North Alouha Street
 Northside Branch: 4151 Gravois Avenue
 Central Branch: 4112 St. Louis Avenue Phone 2-1000

BOUGHT OF **ST. LOUIS DAIRY CO.**

Name James E. Scott November, 1936

Price Subject to Change

Unit	Price	Quantity	Total
1/2 qt.	15c		
1 qt.	30c		
1 1/2 qt.	45c		
2 qt.	60c		
2 1/2 qt.	75c		
3 qt.	90c		
3 1/2 qt.	1 05c		
4 qt.	1 20c		
4 1/2 qt.	1 35c		
5 qt.	1 50c		
5 1/2 qt.	1 65c		
6 qt.	1 80c		
6 1/2 qt.	1 95c		
7 qt.	2 10c		
7 1/2 qt.	2 25c		
8 qt.	2 40c		
8 1/2 qt.	2 55c		
9 qt.	2 70c		
9 1/2 qt.	2 85c		
10 qt.	3 00c		

Complaints and Collections

DELIVERYMAN MUST REPORT TO OFFICE

Route #10 Date 11-1-36

Name Mrs. John South

Address 1110 No. Street

Remarks: This party owes a three months account, amounting to \$15.40. Call to-day for payment and report to Credit Department when you return to office this P.M.

CUSTOMER'S RECORD CARD

ST. LOUIS DAIRY CO.

Route No. 150 Date 11-1-36

Full Name James E. Scott

Former Address 2216 Tyler Avenue

Business Clerk, 6235 Ames Avenue

Reference Alcock Department Store

Return This Statement With Your Check to Credit Your Account Properly

ST. LOUIS DAIRY CO.
 2000 PINE STREET
 ST. LOUIS

BUTTER PRICES AND TELEPHONE NUMBER ON REVERSE SIDE

NOV.	To BALANCE	To DAIRY PRODUCTS	SALES TAX	TOTAL

record of each customer is kept by the deliveryman. Up to about a year ago, monthly charge accounts were transferred from the deliveryman's "Route Book," twice a month, to the office ledger. Since that time, we have done away with our office ledgers entirely and have only the deliveryman's record—even billing from this source.

At the present time, about 50 per cent of our customers have monthly charge accounts. The balance of our accounts are on a weekly basis—collectible by the deliveryman. We allow our men to grant credit to anyone—for a week's supply "regardless"—but expect them to collect every seven days. If they do not, they are held responsible for anything left over the seven-day period and uncollectible. (However, if a deliveryman is in a "poor-pay" neighborhood, there is some concession made.)

For anyone applying for credit on a monthly charge basis, we have what is known as a "Customer's Record" (Figure 2), to be filled out and returned to the Credit Department. When this is received, we immediately get a report on the applicant's paying habits from our local credit bureau. If the report shows "slow pay," the deliveryman is instructed to collect on a weekly basis.

Those outside of the dairy industry have a notion that about all the deliveryman has to do is to set the "morning's milk" on the back door steps and run! This is a mistaken impression.

Our deliverymen keep all records of our customers; in fact, they are the only contact between them and our company. When you consider that some routes serve 350 homes, you can imagine the work it takes to keep a daily record on each one.

Besides this, each man has to see that his daily load of supplies must be balanced. For example: If his "load-out" totals \$40.00, the total charges for all his customers must equal this sum. If it does not, he is so much short. (We have a cash bond on each deliveryman, to cover any shortage that may occur.)

We, in the dairy industry, in so far as getting results in collecting our accounts is concerned, are in a better position than most concerns who retail, because of the fact that we consider our men collectors as well as salesmen. They cover the entire city and are in a position to contact our customers daily. If we want quick action on a past-due account, we give our deliveryman a memorandum of the account (Figure 4) in the morning and (generally) we get a report on his return to the office in the evening! The result is that very little money is lost during the year.

New "Commercial Laws Manual" for 1937

The 1937 Edition of the *Credit Manual of Commercial Laws* (National Association of Credit Men, 1 Park Ave., New York City, \$5.00) is ready for distribution. This edition contains not only all the revisions of the various state laws affecting trade but also a complete and handy summary of important new Federal laws such as the Robinson-Patman Price Discrimination Law; the Walsh-Healy Labor Law affecting all government work; new developments in the Federal and State Social Security Laws; and an interpretation of the new Federal Tax Law as it affects general business operations. (The National Office will be glad to place your order for this book.)

District Conferences In the Offing



Four district conferences are scheduled for the month of February: *Districts Five, Six and Seven*, and a joint conference of *Districts Two and Twelve*. In addition to the regular programs, each district will have a business meeting—for the election of officers and directors and the transaction of such other business as may come before the meeting.

Conference announcements follow:

Districts Number Two and Twelve

(District Number Two is composed of New York and New Jersey—Number Twelve of Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.)

The Joint Conference of Districts Two and Twelve will be held in conjunction with the Columbia Regional Conference, at the Mayflower Hotel, Washington, D. C., February 8 and 9, 1937. Further information will be contained in the January CREDIT WORLD.

W. A. Atkinson (W. L. Hurley Co., Camden, N. J.) is President of District Two while Col. Franklin Blackstone (Frank & Seder, Pittsburgh, Pa.), is President of District Twelve.

* * * *

District Number Five

(Ohio, Michigan, and Ontario, Canada)

Hotel Statler, Detroit, Michigan—February 15 and 16, 1937. This will be a joint meeting of the credit granters and bureau managers of the District. A cordial invitation to attend is extended to all credit executives and bureau managers of the District—also to all bureau managers of the states of Illinois, Indiana, Kentucky, and Wisconsin. G. W. Fischer, c/o Tuttle & Clark, Detroit, Michigan, is President.

* * * *

District Number Six

(Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Manitoba, Can., and Superior, Wis.)

Blackhawk Hotel, Davenport, Iowa—February 14, 15 and 16, 1937. It is planned to make this a "miniature National Convention." An attendance prize is to be awarded to the largest delegation—based on the size of city and distance from the Conference city. Dean Ashby, c/o M. L. Parker Co., Davenport, Iowa, is President of the District.

* * * *

District Number Seven

(Arkansas, Kansas, Missouri and Oklahoma)

Biltmore Hotel, Oklahoma City, Okla.—February 22 and 23, 1937. This will be a joint meeting with the bureau managers as the meeting of District Seven of the National Consumer Credit Reporting Corporation will be held concurrently. H. J. Burris, c/o John Taylor Dry Goods Company, Kansas City, Mo., is President of the Seventh District of the N. R. C. A.

After Christmas--What Then?

By ROBERT M. GRINAGER

Manager of Credit Sales, Enger & Olson, Inc. (Home Furnishings), Duluth, Minn.;
President, Associated Retail Credit Men of Duluth

[[Our problem is to plan effectively for 1937--that we]]
may educate the slow-paying customer to pay promptly]]

RIGHT after Christmas would be the best time to take "time out" and get hold of ourselves—to outline a practical working plan for the New Year—to adopt a *definite* credit and collection policy.

I have recently read two new books by Dr. Clyde William Phelps of the University of Chattanooga. The author attempts to make us realize facts we should have known and makes it very apparent that we must plan more efficiently if our policies are to be effective—if we are to reduce expenses—if we are to make more money. May I quote four statements that are worthy of consideration, particularly as we enter a new year?

1. "The American retailer loses far more from slow accounts *than from bad debts.*"*
2. "The costs associated with slow accounts constitute the most important item in the total cost of doing a credit business."*

**The Ten Hidden Losses in Slow Charge Accounts* by Dr. Clyde Wm. Phelps. Published by the Department of Research, Household Finance Corporation.

3. "The costs caused by slow accounts can be practically eliminated by retailers, acting independently or collectively, with a resultant increase in business volume and profits."†
4. "The total of all unnecessary expenses resulting from slow accounts is many times greater than the actual credit losses."†

It becomes obvious that *we are not getting our full, or even fair, profits—that we are also losing a great part of the profits* that we have already earned.

There are serious defects in our credit and collection policies. We conduct our businesses on a basis that allows the consumer to get in "up to his neck"—and yet we cuss the poor devil who can't pay all his bills! We judge our results only by our ultimate losses, taking little or no notice of the costs involved—of all the "hidden losses"*

I wonder if, perhaps, the cost of collecting some ac-

†*More Profits from Charge Accounts* by Dr. Clyde Wm. Phelps. Published by Department of Research, Household Finance Corporation.

SCORE SHEET

I. PROFIT AND LOSS WRITE-OFF:	
A. Amount actually written off	\$.....
1. Number of accounts
2. Percentage of total credit sales%
II. COLLECTION COSTS:	
A. Collection Department salaries	\$.....
B. Telegraph, telephone, postage, etc.	\$.....
C. Fees to collection companies and agents	\$.....
D. Legal fees, etc.	\$.....
E. Car expense, etc.	\$.....
III. TOTAL AMOUNT OF CAPITAL TIED UP IN PAST DUE ACCOUNTS	\$.....
IV. TOTAL INTEREST PAID FOR BORROWED MONEY	\$.....
A. Could this item have been eliminated if your slow accounts had paid promptly?	Yes.... No....
V. AMOUNTS LOST IN AVAILABLE DISCOUNTS NOT TAKEN	\$.....
VI. COLLECTION PERCENTAGE FOR ENTIRE YEAR (AVERAGE)%
VII. NUMBER OF ACCOUNTS YOU HAVE THAT ARE TRADING ELSEWHERE NOW AND WHO STILL OWE YOU PAST DUE ACCOUNTS
A. Estimate annual volume lost	\$.....
VIII. WHAT PERCENTAGE OF YOUR ASSETS IS IN PAST DUE ACCOUNTS?%
IX. NUMBER OF ACCOUNTS LOST DURING THE YEAR BECAUSE YOU USED BRAWN RATHER THAN TACT TO COLLECT THEM
X. HOW MUCH LOWER COULD YOU SELL YOUR MERCHANDISE IF YOU COULD ELIMINATE THE SLOW ACCOUNTS?%
XI. ARE YOU COMPETING RUTHLESSLY AND USELESSLY IN REGARD TO RIDICULOUS AND HAZARDOUS CREDIT TERMS?	Yes.... No....
XII. DO YOU REALIZE THAT EVERY DOLLAR OF THESE EXPENSES IF SAVED WOULD BE PROFIT?
XIII. HAVE YOU REALLY BEEN A SALESMANAGER OR JUST A "DAMPER"?
A. Number of new accounts this year
B. Amount of new business	\$.....
C. Number of old accounts reopened
1. What part of the above is due to your efforts?

counts does not exceed the amount collected. It may be that we have holes in our pockets!

Ours, for the future, must be a policy that will increase our credit volume, reduce our collection and bookkeeping expenses and still prevent large bad-debt write-offs—a plan that “will assist families in conducting their affairs on a more businesslike basis, assure more adequate profits to the merchants doing business on a credit basis, and improve the whole credit system.”

Just What Is the Score?

A local bard of no mean wit contends with no small amount of gusto that many of us “do not know just what the score is.” We may have been too close to the play—too busy—too involved to analyze the situation and to plan the next strategy.

As we end this period of play (1936), I believe it would be well to plan our affairs for next year. It may be that we need a new style of attack or of defense, if you will.

Now let us consider, for just a moment, our present policy which, we claim, holds our annual losses to about one-half of 1 per cent. How much does this represent in dollars and cents? Let us add to those losses all unnecessary bookkeeping costs, our collectors' and clerks' salaries, our legal fees and amounts paid to agents for collections which we could not ourselves effect.

Estimate the business that was taken elsewhere by people who owe us so much that they are not allowed to charge or who are ashamed to ask for further credit. If these totals could be accurately computed, we could know just what the score against us actually is.

Let us try to get a better picture of what we have accomplished, or have failed to accomplish. I have prepared a score sheet (opposite page) for the year just ending, that can be filled in with YOUR figures. You may find, when you get all the points on paper and considered as a whole, that you did not win—YOU LOST.

Someone may have sifted right through left tackle and tossed you for a neat loss—ONE THAT COULD HAVE BEEN PREVENTED. The very least your figures will say for you is “You could have done better.”

Our Problem Is Obvious

Now, if you have filled in the table with your own figures, at least one point becomes obvious. You will see that your credit problem has more angles and aspects than you realized, but from these results and the facts that we already know, we must find our solutions and answers. It becomes apparent that we must take a course that will lead us to more profits from our credit business.

We begin to realize that our lax systems of credit extension must be done away with. The problem as it looms up here is just this: *we must educate the slow-pay customer to become a prompt-pay customer.* And, following closely, we must see that the new and younger users of credit never are allowed to get the slow-pay habit. They must be profitable accounts.

The profits of business depend on the kind of credit and collection policy on which business is conducted. Not on stunts, new ideas, new methods, but on the fundamentals.

Our systems must be DEFINITE and practical if we are to benefit as we should. Ours must be a policy based on our realization that our losses are not because we do a

credit business, but because we do a credit business with a public that has not been taught to pay its bills promptly.

What can we do about it? *We can plan more effectively for 1937!* May I suggest that your aims and objectives be set down on paper? Determine just what must be done to reach your goal.

Map out a complete course for the year. If you can't find a better plan, here is an outline to begin with: For 1937, plan to:

1. Establish a definite credit and collection policy:
 - (A.) Determine the exact date at which delinquent accounts will be definitely suspended.
 - (B.) Set up the machinery to suspend these accounts when they reach this age limit.
2. Keep your prompt-paying customers buying as much as they can pay for promptly.
3. Increase your credit sales volume:
 - (A.) Get more new accounts.
 - (B.) Clinch more deals that are lost only because of credit factors.
4. Increase your capital turnover and rate of profit.
5. Reduce if possible your ultimate losses.
 - (A.) By more effective and cheaper collection methods.
6. Reduce, by elimination, the cause of all unnecessary office and collection expenses.
7. Eliminate all interest costs.
8. Inaugurate a Prompt-Pay Educational Plan to:
 - (A.) Make slow-paying customers pay promptly.
 - (B.) Assure prompt payment of all new accounts.
 - (C.) Cooperate as much as possible with your local and national educational movements.

Conclusion

We are faced with two facts: (1) that we are either losing money or we are not making just profit, and (2) that to do the job well, we will need a plan—an outline—a blueprint—or call it what you will.

The more definite our plan the better. Of course good judgment and discretion are always the better part of valor and we may have to deviate slightly from our plan but—*every time we carry out a point of our system—each time we close or suspend one slow account—each time we educate one customer to pay promptly—we, each time, save ourselves some collection expense.*

EACH OF THESE GOOD DEEDS MAKES OUR CREDIT PROBLEMS THAT MUCH EASIER AND OUR NET PROFIT THAT MUCH GREATER. LET'S MAKE MONEY IN 1937!

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National Retail
Credit
Association

The Nation's Collection Percentages - Oct

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY	
	1936			1935			1936			1935			1936			1935			1936			1935			1936	
	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	HL.	LO.
Boston, Mass.	52.1	72.6	43.4	50.5	74.7	40.0	17.3	32.6	13.6	16.4	29.8	12.7	55.5	65.0	42.6	54.7	65.0	42.1	—	—	—	—	—	—	—	—
Providence, R. I.	46.9	51.0	40.8	46.6	58.0	39.9	—	—	—	—	—	—	—	—	—	—	—	—	—	13.4	—	—	—	—	—	—
Lynn, Mass.	50.2	58.0	41.2	49.2	57.0	37.1	—	—	—	—	21.0	—	—	—	—	—	—	—	14.8	17.2	12.3	10.2	13.5	10.0	3.2	—
Springfield, Mass.	55.3	58.6	53.1	53.5	56.9	51.2	23.6	35.0	11.9	19.4	27.5	10.2	55.0	60.0	46.6	61.8	63.9	58.0	—	—	—	—	—	—	—	—
Worcester, Mass.	49.9	51.3	48.0	48.9	52.0	45.9	26.6	28.1	25.1	22.3	24.6	17.6	—	37.0	—	43.8	48.9	35.0	—	—	—	—	—	—	—	—
New York City	50.4	63.7	40.2	49.3	66.2	39.0	14.8	24.4	20.6	20.9	24.9	12.0	48.5	56.1	36.3	46.8	59.1	37.4	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	50.6	58.7	40.9	48.2	51.3	38.3	—	—	—	18.3	22.9	14.0	49.6	58.7	38.0	48.5	58.7	38.3	—	—	—	—	—	—	—	—
Reading, Pa.	54.6	62.0	53.4	50.1	51.7	45.6	—	20.8	—	—	19.9	—	—	36.0	—	—	45.0	—	14.8	18.0	11.7	16.9	23.0	10.8	—	—
Syracuse, N. Y.	45.4	46.9	41.2	40.5	50.9	33.3	18.0	24.5	17.5	18.3	20.0	16.6	47.2	48.2	46.3	—	44.7	—	—	—	—	—	—	—	—	—
Utica, N. Y.	—	—	—	—	—	—	—	—	—	—	—	—	50.0	65.0	47.0	47.0	50.0	47.4	10.0	13.7	9.5	10.5	11.5	9.6	—	—
Washington, D. C.	43.4	53.5	37.6	41.5	51.8	36.8	12.8	14.2	9.6	12.3	13.3	10.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	62.7	70.2	55.1	60.7	65.9	55.4	9.2	9.5	8.9	—	8.5	—	—	—	—	—	—	—	—	10.8	—	—	10.7	—	—	—
Baltimore, Md.	45.5	54.1	38.1	42.4	52.4	35.4	17.3	29.5	6.3	15.7	27.2	6.0	40.3	45.5	35.8	37.8	39.6	36.9	—	—	—	—	—	—	—	—
Birmingham, Ala.	46.9	49.8	43.2	44.7	48.7	35.0	22.6	26.7	20.1	18.6	23.3	14.1	46.3	56.7	44.0	51.2	53.0	33.7	12.7	13.2	11.9	10.9	11.7	10.5	—	—
Atlanta, Ga.	36.2	38.0	34.5	37.7	40.4	35.0	13.9	15.6	12.2	14.5	15.6	13.4	37.4	38.3	36.5	39.3	39.5	39.2	12.6	13.1	12.1	13.3	14.3	12.4	27.0	—
Kansas City, Mo.*	—	—	—	60.2	80.4	38.3	—	—	—	—	17.4	—	—	—	—	54.0	61.3	48.0	—	—	—	—	—	—	—	—
St. Louis, Mo.	54.8	66.7	46.8	53.5	64.6	45.0	19.5	22.0	16.6	21.9	26.9	16.7	46.4	54.5	40.1	44.8	47.6	39.7	—	—	—	11.7	16.4	7.0	30.0	—
Little Rock, Ark.	40.7	48.1	36.7	38.5	39.3	33.1	16.3	19.3	13.4	11.4	12.8	10.0	—	—	—	—	37.6	—	—	10.0	—	—	11.8	12.1	10.4	38.0
Cleveland, O.	50.9	56.7	42.8	46.0	63.4	39.7	17.9	27.5	12.9	19.1	24.0	13.2	43.8	45.0	40.8	41.9	47.0	41.0	13.2	31.0	11.7	10.7	11.2	10.3	44.2	43.6
Cincinnati, O.	51.8	55.9	45.3	49.0	53.4	37.8	16.3	20.4	13.6	15.4	23.3	10.0	53.1	75.7	36.5	43.2	53.1	33.0	—	—	—	—	—	—	—	49.2
Columbus, O.	46.5	59.1	49.0	49.5	52.7	47.3	12.1	12.6	11.6	13.5	13.6	13.4	53.8	59.3	46.3	52.2	57.9	47.6	12.6	38.0	11.6	13.5	35.0	13.4	—	45.3
Toledo, O.	50.1	59.0	45.2	48.8	58.3	40.7	19.2	19.9	17.3	19.6	19.9	16.8	59.0	61.0	53.9	49.9	51.8	48.0	16.3	19.6	13.0	17.3	20.5	14.2	40.9	32.0
Youngstown, O.	49.5	51.1	47.8	47.9	48.0	47.9	16.8	18.6	15.0	19.4	24.7	14.1	54.4	60.5	48.2	47.8	52.2	43.5	18.6	21.5	15.7	17.0	18.0	16.0	55.6	—
Detroit, Mich.	59.7	69.0	45.0	57.8	68.0	43.1	23.9	24.4	22.7	23.2	30.2	19.1	54.0	57.0	50.6	50.3	55.0	46.8	—	—	—	—	—	—	—	78.5
Grand Rapids, Mich.	52.9	55.7	49.5	44.2	45.6	42.7	—	—	—	—	—	—	65.2	71.0	53.8	60.3	67.3	52.6	16.9	20.1	14.0	15.8	19.1	11.0	—	63.0
Milwaukee, Wis.	51.7	59.8	50.6	51.6	56.3	43.6	20.3	23.0	18.6	19.4	21.1	16.6	—	56.5	—	—	56.4	—	—	—	—	8.9	9.4	8.3	11.8	32.0
Springfield, Ill.*	35.5	47.9	20.1	33.5	47.5	15.5	—	—	—	—	—	—	34.2	40.3	28.0	31.4	33.2	29.5	19.7	28.8	11.5	18.5	26.0	12.3	50.0	32.6
Duluth, Minn.	41.6	45.7	37.5	40.8	45.0	36.7	—	23.7	—	—	24.0	—	47.0	62.9	40.7	52.7	65.1	40.2	—	—	—	—	—	—	—	5.8
St. Paul, Minn.	55.8	63.1	47.3	57.2	60.8	55.0	—	—	—	—	—	—	46.1	51.5	40.0	47.6	50.0	40.0	—	—	—	—	—	—	—	—
Minneapolis, Minn.	68.2	72.5	64.2	67.0	71.8	62.6	21.5	27.6	13.6	19.7	23.3	14.1	64.0	68.3	59.6	60.9	62.2	59.6	—	—	—	14.3	16.1	12.6	32.1	—
Davenport, Ia.	58.6	59.8	57.4	54.2	58.0	50.3	13.6	14.7	12.3	15.6	17.6	13.6	—	51.0	—	—	45.0	—	15.5	16.2	14.8	12.0	12.4	11.7	—	5.7
Des Moines, Ia.	37.7	52.3	32.9	33.6	60.0	31.0	—	—	—	—	—	—	49.6	53.0	46.0	47.0	40.0	46.0	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	62.6	64.5	54.0	62.2	64.0	50.3	24.9	29.0	20.9	21.7	23.4	20.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	47.7	49.5	46.0	46.2	46.4	46.0	25.1	29.3	21.0	21.3	26.6	16.0	—	40.0	—	—	44.0	—	—	—	—	—	—	—	—	—
Omaha, Neb.	—	52.5	—	—	45.5	—	—	14.6	—	—	14.7	—	51.9	65.0	44.1	52.6	82.0	41.0	—	—	—	—	—	—	—	—
Tulsa, Okla.	53.0	61.5	52.4	59.0	62.6	48.3	13.0	15.6	12.6	14.0	15.0	11.2	47.5	59.1	35.9	46.3	51.0	41.6	—	—	—	—	—	—	—	—
San Antonio, Tex.	40.5	42.2	38.6	43.3	47.7	36.1	10.1	10.6	9.7	13.0	14.0	11.7	51.4	52.0	51.0	48.2	50.8	46.0	11.4	11.8	11.0	11.1	13.2	10.0	33.9	—
Denver, Colo.	49.2	54.2	43.2	47.8	56.3	44.2	15.8	16.6	15.4	15.7	17.0	14.6	50.1	52.8	47.3	47.3	49.5	45.2	10.0	10.5	9.4	10.1	11.1	9.0	3.7	—
Salt Lake City, Utah	57.5	68.5	46.1	59.1	66.3	54.6	22.5	30.0	16.5	21.4	27.9	17.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	108.1	—	—	102.0	—	—	—	—	—	—	—	38.0	42.0	34.0	34.0	37.0	31.0	—	—	—	—	—	—	—	—
Portland, Ore.	43.9	101.4	39.0	38.8	89.1	37.2	16.4	17.9	14.4	17.4	19.5	12.1	43.9	48.0	42.7	48.0	51.7	41.8	—	—	—	—	—	—	—	2.0
Spokane, Wash.	62.5	67.3	57.6	62.6	68.9	56.4	15.9	17.1	14.6	15.6	16.7	14.6	42.5	50.0	35.1	42.9	51.0	34.9	—	—	—	—	—	—	—	2.9
Tacoma, Wash.*	—	—	—	47.2	63.9	41.6	—	—	—	18.0	25.0	16.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
San Francisco and Oakland, Calif. }	47.0	55.2	31.4	47.4	55.4	34.8	18.4	30.5	13.3	20.6	35.4	15.3	42.3	54.3	33.4	39.5	58.5	34.0	15.6	31.5	11.6	17.9	24.6	13.2	—	—
Los Angeles, Calif.	62.4	68.5	52.6	61.3	64.8	54.5	20.0	22.8	18.7	20.1	23.5	17.8	58.0	69.6	54.0	59.5	66.7	52.5	—	—	—	—	—	—	—	7.3
Santa Barbara, Calif.	49.0	54.5	40.6	42.2	48.9	38.4	—	—	—	—	—	—	54.9	74.2	42.5	59.7	82.0	38.1	—	—	—	—	—	—	—	—
Ottawa, Ont.	39.6	48.7	27.6	34.0	45.0	22.5	18.9	26.6	12.2	17.3	27.4	11.3	27.3	32.5	24.6	25.4	33.6	22.7	11.2	16.9	10.9	12.4	15.6	11.0	—	—
Vancouver, B. C.	75.5	81.8	69.2	64.3	65.1	63.5	34.3	43.8	24.8	24.8	25.1	24.4	—	48.5	—	63.0	77.0	49.0	—	14.9	—	—	13.4	18.0	8.9	0.0
Victoria, B. C.	66.7	69.5	64.0	59.2	53.4	55.1	24.7	28.0	21.4	25.4	29.0	21.9	—	54.2	—	—	45.1	—	—	—	—	—	—	—	—	—

* 1936 figures not received at press time
 *Open and Installment accounts combined

°Installment
 °Laundry

°Heating
 °Lumber

°Paper and Paint
 °Fuel

°Cleaning and Dyeing
 °Carpet and Rug Cleaning

Builders' S
 Optician

Fifty Cooperating Key Cities--in the United States and Canada

The Effect of Governmental-Insured Credit on Retailers' Terms

By H. H. FETTES

Credit Manager, Sears, Roebuck & Co., Atlanta, Ga.

NO DOUBT you are familiar to some extent with the various forms of governmental-insured credit. We have the work done through the Federal Land Banks in extending credit to farmers who, at the pit of the depression, were facing foreclosure and the loss of their farms. Such loss, of course, carried with it all the toil of the best part of the lives of these farmers.

This distressing condition was rapidly assuming dangerous proportions which would have made a considerable group of our people not only destitute but desperate

Editor's Note:

Mr. Fettes, in this article, sounds a warning that retail credit granters cannot afford to ignore. Retailers, everywhere, are imitating the credit policies inaugurated by FHA.

Then, to be consistent, why don't they, as the author suggests, also follow its collection plan, "making our terms mean what they say"? There's a lot of sound sense in this article. Read it!

and would have resulted in a very large average going to waste. During the stress of the worst period of depression the private capital back of these farm mortgages seemed inadequate to cope with the situation.

Something had to be done to free this vast sum of frozen assets and—in spite of extensions, moratoriums and other expedients—the monied interests could see no way out except through foreclosure and a salvaging of what they could at the moment. In this crisis the government stepped in—set up machinery for refinancing these mortgages on a long-term basis—and the situation was immediately relieved and improved.

By this time, however, a somewhat similar situation had developed in the ranks of the home owners. Again the government stepped in—with the HOLC—designed to save distressed mortgages.

It must be kept in mind that these two great agencies were set up quite as much for sociological reasons as for economic reasons. The American home and the American farm *had* to be preserved; and these governmental agencies dealt with the situation with that thought uppermost. The usual economic consideration was not the deciding factor.

It was quickly found that many home owners applying to the HOLC (for refinancing) owned homes that could not possibly be refinanced unless immediate steps were taken to recondition them, to put them in suitable shape to have a reasonable chance of being habitable during the life of the new mortgage. This brought into being the reconditioning unit of the HOLC.

Retailers immediately became interested. Here was a

fine field for plumbing and heating equipment, roofing, millwork, paint, etc. This was choice business because it was cash business. The immediate stimulus to these lines pointed the way to the administration to start a definite "prime-the-pump" movement—through the medium of the FHA.

This agency had two distinct divisions—Title 1 and Title 2: The one to stimulate new construction and the other to benefit similar lines of business by encouraging reconditioning and improvement of homes. *More* good news to retailers! Here, again, was choice business promoted by the government and advertised lavishly on a national scale.

There was a new angle to this, however, in the form of governmental-insured credit, the government stipulating the carrying charge of 5 per cent per annum and insuring the credit up to 20 per cent. The FHA did not go over nearly as big as hoped for, due to the lack of proper credit facilities in many sections, particularly in our Southeastern region.

Banks, with some notable exceptions, were slow to go into this new type of business. The government stood ready to approve financial institutions which cared to qualify and a few finance companies specialized in this type of paper and did a tremendous volume. Several national business firms formed finance corporations to enable them to get as much of this business as possible.

As time went on the banks became more and more favorable and one very interesting and important sidelight on this whole question is the reaction of banks to this form of extension of credit to individuals. Their experience with this paper has been so favorable that, in future, it seems almost certain that common folk ("even as you and I") will find it possible to secure credit for worthwhile undertakings. (A noticeable forward step has been taken by a number of banks in the setting up or enlargement of personal finance departments.)

Whether it was a further "pump-priming" move—or an effort to build up FHA sales to the anticipated amount—or, perhaps, some good high-pressure salesmanship on the part of manufacturers or retailers—the fact remains that an amendment to the FHA was authorized which opened that governmental-insured credit plan for the sale of electric appliances and a whole catalog of allied items.

Retailers found themselves fighting each other fiercely for this rich volume of sales. The old bugaboo of competition in terms was laid low. All were equal in that respect except those conservatives who, although swept along by the stream, held fast to some remnant of credit fundamentals and insisted on maintaining a minimum monthly payment.

What effect the handling of these applications had upon *your* credit-granting policy is a question for each

one of you to answer. How much insurance the government will have to pay on this paper is a question for the future to reveal. If the accounts work out satisfactorily, we have all had the benefit of the business, the finance company has got its money and the cost to the taxpayer will have been small. Everyone will be satisfied.

If the contrary is the outcome, however, I wonder if it will be the plan that will be classed as having been a failure or whether the credit granters will be condemned and blamed for doing a poor job? Keep in mind that it's hard for the credit man to win. If collections are good, *it is because times are prosperous*. If collections are bad, *it is because of poor credit handling!*

I cannot leave consideration of governmental-insured credit without mentioning the EHFA plan which has been a special problem to the N. R. C. A. Fourth District.

I am not going to either praise or condemn these governmental activities. To me the ever-recurring thought is this: *What might have happened*—when the government decided on these things—if the N. R. C. A. had been a *great, united body of retail credit granters*, embracing in its ranks all the best and also most of retail business.

Might we not have had one of our number as first assistant to Hopkins—speaking with a voice of authority on the tremendous credit questions involved—expounding and explaining the proper procedure—and showing the *necessary machinery already set up* to handle these credits *along lines approved* by the credit granters of the country? We credit folk are called lots of names. How do you like my suggestion that we might even have been called “brain trusters” or would they have called us “boondogglers”?

Coming now to the other half of my title I find myself immediately stumped. What are retailers' terms? Charge accounts; thirty-day accounts; installment accounts; club plans; budget plans; letters of credit; limited credit! (Or what have you?) “No deposit; no carrying charge; no red tape; no embarrassing questions; arrange your own payments; books closed—purchases don't appear until next month's bill, etc.” *What, then, are retailers' terms* that anything of any kind could affect them? Perhaps we shall find it easier to change the word “terms” to “structure” and rename our subject—“The Effect of Governmental-Insured Credit on the Retail Credit Structure.”

Our credit structure has been built up through the ages and there have been many architects—many builders—and a *goodly number of chisellers*. The salvation has been that there has been a perfect foundation: *The credit fundamentals you are all familiar with.*

As long as that foundation remains, we may have collapses of some poorly built structures erected by speculators or visionaries—the superstructure may give way in places where chisellers (borers from within) get in their evil work.

But, if the mass of credit granters stand fast and hold true to the sound practice of credit granting, the future holds a glorious opportunity, and a rare privilege for credit granters. Let's hope that our new group of women's clubs will be of material help in putting the finishing touches on this ideal hour of credit.

Let us keep in mind that, as credit departments, we exist as a channel for the securing of profitable sales.

One result of governmental-insured credit has been a tremendous boom in installment selling. *Keep in mind that we constantly try to get merchants into our association that they may be better able to properly handle credit business.*

Bear in mind that many credit granters are now handling installment credit for the first time. Is our association giving a lead to these? It ought to have this subject foremost in its mind and program, in my opinion, for in this new field we find much to view with alarm.

A charge account credit granter who switches his activities to a promotion of installment sales is in a new field to him but a field which has been well worked and developed by the group which has long specialized in installment selling. These newcomers have largely adopted the FHA plan and terms and are even extending it into other lines of merchandise. All of these new and reconditioned FHA homes are fine prospects for home furnishings. Improving conditions are paving the way for many people to replace well-worn merchandise.

With this business right at our hand is it wise or even necessary to give way one bit from our sound, fundamental plan of credit granting? Wouldn't we get this business anyway—and wouldn't everyone concerned be better off? Are we gaining anything by this FHA plan effect on our methods?

Did we have to adopt the “no deposit” feature, or the long-term feature? Are we considering the financial problems involved when we give up the deposit we so readily secured? Are we counting the cost of financing accounts over a period of three years rather than twelve to eighteen months?

Will not the great flood of business on these terms make necessary capital requirements that will seriously tax store managements? Keep in mind that even under the old plan installment accounts which ran twelve months in many cases took fourteen to sixteen months to pay out. The rate makes a three-year account likely to carry into the administration of your successor. Who among us is there who can feel any real assurance that we can safely look thirty-six months down into the future?

Quotes:

“Did we have to adopt the ‘no deposit’ feature? Are we considering the financial problems involved when we give up the deposit we so readily secured?”

“Are we counting the cost of financing accounts over a period of three years rather than twelve to eighteen months?”

What about possible (and quite likely) price fluctuations, radical changes in design and performance and the certain knowledge that with few exceptions the merchandise is depreciating as rapidly as payments are being made? Won't adjustments and repossessions be a problem and, even in the case of gilt-edge credit risks, won't unemployment, sickness and death be a greater hazard over the longer term?

I don't know how many of you are accountants but you can all give some figures to an accountant friend or discuss your own store figures with your comptroller. Don't let the seeming volume which these long and easy terms

(Continued on page 22.)

CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

NOW comes the Season of Good Will—and with it the opportunity to cement cordial customer-relationships: With letters of appreciation to good customers—for their patronage and for their promptness in taking care of their accounts.

Too often, credit departments do not take enough interest in the prompt-paying customer. As W. D. Hart, Retail News Editor of *Women's Wear Daily*, says (page 25): "She goes along as a very satisfactory patron for years. Suddenly she becomes slow in her payments. Then, the credit department becomes suddenly interested in her."

At the urgent request of many members, we are again reproducing (below) the cover and text of a little folder (statement-envelope size) originally shown in these pages in our February issue. Only the first page and the bottom flap of the inside are illustrated but the message on the inside pages—which is an inspiration—follows:

TO OUR FRIENDS

On the Fourth Floor, in an isolated corner of this great store, there is a room which no customer has ever seen. In it is the greatest collection of valuables in Missouri. You probably picture a huge safe stored with jewelry or securities. If you guess these things, you will not even be warm . . . give up?

The collection to which we refer is our charge list in which you are recorded. Great stores all over the world are made great by the names on their books. On our books in that little corner are the names of thousands of leaders and soon-to-be-leaders in the social, professional and business life of this community.

We are addressing you as one of those names to express our appreciation of your part in making this store great. We hope you associate the name of Stix, Baer & Fuller with pleasant and happy experiences. So many customers write and say to us that they do, that we have grown quite sentimental about it.



We take the approach of the new year as an opportunity of sending good wishes and of expressing the earnest hope that we may be able to add to your enjoyment of the pleasures 1936 holds for you.

The Management of
STIX, BAER & FULLER.

Figure 1 in the plate on the opposite page is a letter used last January by F. W. Funk, Manager Credit Department, Hudson's Bay Co., Winnipeg. "We send out such a letter annually," he says.

In the Hale Bros. letter (Figure 2), obtained through the courtesy of Frank Batty, General Credit Manager, the scene at the top of the letterhead was printed in Christmas colors, making it very attractive. (Note the selling appeal.)

Rice's statement (Figure 3) was sent to every customer on the books at the end of November (except those delinquent or unsatisfactory). The Christmas message was printed in red and green.

"We used a somewhat similar statement last year," writes H. E. Northey, Manager of Credit Sales, "with very good results. We hope for even better results this year as this will go to a greater number of inactive accounts."

Figure 4 shows a letter which is being sent by Louis Selig, Credit Manager of Rosenfield's, to all inactive accounts as a Christmas shopping urge. (Letterhead in red—typewriter ribbon in green.)

Two Books on Credit

Credit Department Salesmanship

By Bartlett and Reed

Authors of "Retail Credit Practice"

A complete and authoritative manual on such important topics as:

Use of selling psychology in credit work; use of sales promotion to build up more charge accounts for the store; use of letters for both collection and sales building; use of the newest methods of handling the installment credit problem.

These are but a few of the topics covered with specific suggestions—"case-studies"—from successful experience. Designated as official textbook for the Advanced Credit Course.

PRICE \$3.50

Retail Credit Practice

By Bartlett & Reed

A practical, authoritative manual for retail store credit executives and students of credit practices. Official Textbook of N. R. C. A. Courses.

PRICE \$4.00

Order From

NATIONAL RETAIL CREDIT ASSOCIATION

Executive Offices, St. Louis, Mo.



Hudson's Bay Company.

INCORPORATED 27th MAY 1870.

RETAIL STORE
WINNIPEG,
MANITOBA

IN REPLY PLEASE QUOTE
REFERENCE

①

An undertaking satisfactorily accomplished is always a source of gratification to all concerned; and so we feel that it has been of mutual benefit and satisfaction to have your account with us attended to so conscientiously during the past year.

We assure you of our sincere appreciation for your promptness, and we hope to be worthy of your continued patronage for many years to come.

Yours faithfully,

For the HUDSON'S BAY COMPANY,

FWS/PH

F. W. FUNK - MANAGER
CREDIT DEPARTMENT



HALE BROS.

MARKET STREET AT FIFTH
SAN FRANCISCO, CALIFORNIA

②

You may have thought that because this store is large your patronage would not be missed. On the contrary, we are deeply concerned because you have not used your charge account for some time.

If there has been anything in our relationship to cause you to stop using our credit facilities, we are eager to correct it, as it is through the suggestions of our patrons that we are best able to improve our service.

Incidentally, the present time is ideal for the use of your account. The entire store is ready for Christmas, with selections larger and more varied than we have ever had. Thousands of interesting new gifts at equally interesting prices are here for your selection. Do pay us a visit soon, you will find it both pleasant and profitable.

Very truly yours,

General Manager
HALE BROS.

The Merry Christmas Store



Waton Rouge, Louisiana

December 1, 1936

Sold to


③

TERMS: ALL ACCOUNTS ARE PAYABLE ON OR BEFORE 10th
OF MONTH FOLLOWING DATE OF PURCHASE

PAY LAST
AMOUNT IN
BALANCE
COLUMN

DETACH AND MAIL THIS STUB WITH YOUR REMITTANCE
RETAIN LOWER PORTION OF BILL FOR YOUR OWN RECORD

RICE'S FASHION CORNER, Inc. - NORFOLK, VA.

DATE	SOLD BY	DESCRIPTION	CHARGES	CREDITS	BALANCE
TO BALANCE (BILL REMITTED)					
<div> Rice's <i>Norfolk's Christmas Store</i> INVITES YOU TO USE YOUR CHARGE ACCOUNT FOR YOUR CHRISTMAS PURCHASES</div>					

ALL PURCHASES MADE AFTER 29th OF MONTH WILL APPEAR ON FOLLOWING MONTH'S STATEMENT

Mrs. John Doe
East Blvd.
City

④

Dear Mrs. Doe:-

You have probably been observing with interest, the changes, improvements and remodeling that have been going on at Rosenfield's. Well, it is all finished now and we believe you are going to like it.

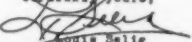
It has been a task to accomplish all this...and you played a mighty part. Your friendship and loyalty have contributed much to our progress and enabled us to make these improvements, which are primarily for your benefit....to make your shopping more convenient and enjoyable.

This brings us to the subject of Christmas. For you will want to shop where the newest things are available and where shopping is most pleasant and convenient. The things you want are at Rosenfield's....for never before have we tried more earnestly or selected more carefully, and never have we been so completely ready for the great occasion and the joy it brings.

You have earned the privilege of using your account generously for everything you may desire. Use your account to make this Christmas one of your happiest and the best of all.

Holiday Greetings to you!

Cordially yours,


Louis Selig
Credit Manager-Controller

LS:ile

The Effect of Government-Insured Credit on Retailers' Terms

(Continued from page 19.)

will almost certainly bring, fool us into entering into transactions which may actually result in loss. The listing of the sale on your ledger as a debit transfers the merchandise from inventory to accounts receivable but *it's not really a sale until you get the last payment.*

Your merchandise men and salesmen emphasize inventory-turnover. *Are you sure your turnover on receivables will be profitable?* Figure out the capital outlay required on even a modest volume of installment sales. At least, know what you are doing and whether or not you have the power of deciding your store's credit policy. You will be better off, whatever happens, by being on record that your store's plan is sound or otherwise.

Another effect of FHA on the present credit structure that appears likely, is the fact that an adoption of small monthly payments because of long terms is likely to lead to a pyramiding of accounts. Care must be taken in checking credit application reports to guard against this. There will be both a tendency to overbuy and to oversell and such conditions will be harmful.

Another effect is to encourage the attitude so prevalent through the Southeast that "It's not so much the ultimate cost as the amount of the monthly payment that is the important factor." We are not building up our standards when we encourage such a thought.

If what I have presented seems to indicate that the effect of governmental-insured credit is likely to be harm-

ful to the retail credit structure, let me give a thought on the other side. Governmental-insured credit was handled largely through banks and finance companies. If we are to follow the FHA credit plan, let us by all means follow its collection plan also, *making our terms mean what they say.* Low collection ratios are largely caused because we let the customer pay as he chooses—instead of in accordance with terms. Let's take a leaf from our wholesale brothers' book and make our terms definite and understood—and then have them observed!

Silver Anniversary Convention--Spokane-- June 15-18, 1937

The Silver Anniversary Convention of the National Retail Credit Association will be held in Spokane, Washington—where the Association was organized in 1912. The dates: June 15-18, 1937. *Plan now to attend.*

Reprints of Articles Available

As many credit associations have been requesting reprints of timely articles for distribution to members and prospects, we have arranged to keep the forms of each issue standing for 30 days.

Reprints will be made if orders are received in sufficient quantity to justify the cost. Price of reprints will be nominal—based on quantity desired.

A Little Rhyming Now and Then-- Proves a Boon to Credit Men!

Foreword

We've always known that versatility was one of the qualifications of good credit men but the credit man who can answer poetical complaints in the same meter *is good!* The letter below explains all:

In our Addressograph Department an error was made in making the plate so that the customer's name was made to read "Mrs." when it should have been "Mr."

When the statement was sent to the customer on the first of the month, we received the enclosed complaint from him—set to poetry!

We replied likewise and if you care to use this for publication in THE CREDIT WORLD you have my permission. It is an error that frequently happens but I can't recall ever having had the mistake brought to our attention in rhyme!

—E. J. DOLLARD, *Credit Manager*,
O'Connor, Moffatt & Co.,
San Francisco, Calif.

The Complaint

O'Connor, Moffatt & Co.
San Francisco, Calif.

To whom it may
Concern today:

It seems to me that you should be
More careful with my statement.
In mild protest, may I request
An immediate abatement.

I go to buy a Hat and Tie
So wonder what all this is;
I find that you have added to
My name the prefix MRS.

I like your store and furthermore
I like the people in it.
'Twas ever thus in service plus,
We go beyond the limit.

I have no wife to direct my life,
All I have is a married sister.
So if you please, put me at ease,
Change the account to Mister.

L'Envoi

Tho' Life isn't spent, I'm quite content
To live minus love and kisses.
So abide with me, I am respectfully,
A Man without a MRS.

The Reply

Your letter was enjoyable;
It caused a hearty laugh.
Excuse us please for burdening you
With an excess better half.

We must apologize for that
And hastened to comply.
With clerical dexterity
The knot we did untie.

We've dropped the "S" from "MRS."
Your account once more reads "MR."
We've taken back the wife we gave
But you still have your SISTER.

We thank you for your verses
And the good will they expressed.
To merit its continuance
We'll always do our best.

L'Envoi

We're glad that you are quite content
Without the love and kisses.
We can supply most all your needs
But can't supply the "MISSUS."

Local, State and National Membership Drives in Texas

By C. A. CALDWELL

Credit Manager, Dallas Gas Company, Dallas, Texas; N.R.C.A. State
Membership Chairman for Texas

WE REFER with much pride to the local, state and national associations: The local body holds its weekly luncheon meetings, hears an able speaker, enjoys a good lunch; picks up some very valuable constructive information. In attending the State and National conventions, each year, you become better educated and can perform the duties of a credit executive more efficiently.

New members secured in our membership drives, as we all realize, preserve the very lifeblood of our credit organizations. *What have you done in the way of service rendered to repay your association?*

The integral part of any body is of course its members, old or new. There is always a certain percentage of mortality, in lost or cancelled memberships each year. Then, too, an association must necessarily grow—in size and strength as well as importance. Therefore, a good blood transfusion must be given in the form of new members. We are a nonprofiting body. It is up to you, *you* and *YOU* to aid in this transfusion. There are several ways to do this. Doctors of Credit have varied ideas as to how it may be accomplished.

Last year I was local membership chairman of Dallas. In arranging our drive for new members, the city was divided in half by a central business street. (In this case, it was Akard Street.) Some forty of our leading credit men met at the Hotel Adolphus one morning and those present were divided into two teams.

These started on this membership drive with the objective as fifty new members. The losing team was to eat beans while the winners were to have juicy steaks with all the "fixings"!

Many other prizes were to be donated by the Dallas

merchants and presented to the team securing the largest number of new members. In the sixty days of the campaign, sixty-three new members were secured, and we had a great time accomplishing this work.

This year the membership drive is being conducted on a football set-up. We have organized two imaginary football teams, appointing captains, guards, quarterbacks and coaches. The players are one-half the membership for each team. These teams are named for two of the leading high schools of the city—Team No. 1 for Adamson High—Team No. 2 for Forest High. (These two teams—the real ones—have fought for years for supremacy.)

In the membership drive, the winning team will be awarded a trophy with the names of the officers engraved on it. Names of the team members will be written on a ribbon. *The losing team* will entertain the winners with a barbecue.

The territory each team is to work is designated by dividing the city in half (as was done last year). Each new member secured counts a point. This will be the longest football game on record, having begun October 1, 1936, and continuing until May 1, 1937, or just before the State Convention.

At the weekly luncheon, held at the Hotel Adolphus, November 12, the Dallas Retail Credit Men's Association had as guests, the cheer leaders and a representative of the pep squads of both the Adamson High and the Forest High football teams. Each team gave its school yells and cheered its team on to victory.

We were given quite a "pepping-up," and many of us credit men (former football players, too), went from the meeting with the spirit "we are going to whip 'em, you

(Continued on page 27.)



Pep Meeting of Competing Membership Teams of Dallas—November 12, 1936.

Credit News Flashes--

Personal and Otherwise

Cleveland Honors 25-Year Members

The Cleveland Retail Credit Men's Company, Cleveland, Ohio, on October 29 gave a special luncheon honoring 59 firms who had been members for 25 years or longer.

Jay Iglauer, Vice-President of Halle Brothers Company and one of the organizers of the original credit association in 1898, described how he and a few other merchants got together and organized the association for the exchange of credit information and ideas. J. E. Lander, Credit Manager of Telling-Belle Vernon Company, another member of the quarter-century group, was also one of the principal speakers.

Firms honored at the luncheon include:

The Bailey Co.; B. R. Baker Co.; The Webb C. Ball Co.; Telling-Belle Vernon Co.; Bowler & Burdick; Burrows Bros. Co.; Horace Carr; The Chandler & Rudd Co.; Chisholm Boot Shops; City Ice & Fuel Co.

The Cleveland Arcade Co.; Cleveland Electric Illuminating Co.; Cleveland Laundry Co.; The Cleveland Co.; The Ohio Bell Telephone Co.; The Cleveland Trust Co.; Cleveland Window Glass & Door Co.; The Coffe-Starek Co.

Cowell & Hubbard Co.; Davis Laundry & Cleaning Co.; W. B. Davis Co.; The Dodd Co.; East Ohio Gas Co.; The Electric Printing Co.; Engel & Fetzer Co.; Fred Epple Co.; Goff-Kirby Coal Co.; the Halle Bros. Co.; Hanan & Son; Harburger Bros. Co.; the Herringshaw Co.

The Higbee Co.; W. R. Hoag Fuel & Supply Co.; Hotel Hollenden; F. S. Ingersoll; Jones-Russell Co.; S. Kohn & Sons Co.; Korner & Wood Co.; The Lindner Co.; The May Co.; Dr. W. E. Newcomb; Plain Dealer Publishing Co.

Rorimer-Brooks Studios Co.; Schofield Building Co.; Schue-mann Jones Co.; Sheets Elevator Co.; A. G. Spalding & Bros.; Standard Drug Co.; The Stearn Co.

The Sterling & Welch Co.; Stone Shoe Co.; D. O. Summers Co.; William Taylor Son & Co.; Troy Laundry Co.; Universal Cleaning & Dyeing Co.; Vincent Barstow Co.; Dr. George N. Wasser; The White Co.; Cleveland Starr Freeze Co.

Former President Ahl Seriously Ill

His many friends will regret to learn that David W. Ahl, Past President of the National Retail Credit Association, is seriously ill at the Harper Hospital in Detroit, where he has just been operated on for the third time. Last reports, as we go to press, are that his condition is still very serious.

New York Credit Bureau to Move

The Credit Bureau of Greater New York, Inc., will move immediately after the first of the year from its present location, 381 Fourth Avenue, to larger quarters at 55 Fifth Avenue. The bureau moved to its present quarters in 1933, at which time it was thought that there was ample space to take care of any possible expansion. Since then, however, business has increased so rapidly that enlarged space had to be secured. The new quarters will provide 5,000 square feet of additional space.

Death of Harry Teubner

Harry R. Teubner, Credit Manager of Strawbridge & Clothier, Philadelphia, died November 30, according to telegraphic advice received as we were going to press.

He had been an active worker in National Association affairs for years and was Vice-Chairman of our National Legislative Committee.

Do You Publish an Association Magazine?

One of our members is anxious to exchange his association publication with other associations which publish association organs of the magazine type. If you get out such a publication will you please send the National Office a sample copy so that we may arrange the exchange?

Thalhimer Bros. in New Store

Thalhimer Bros., Richmond, Va., department store, several weeks ago held a formal opening of their new half-million-dollar store. The ceremonies were participated in by J. F. Bright, Mayor of Richmond, and John S. Bryant, President of William and Mary College.

A Correction

In the last issue of *The CREDIT WORLD* we published a list of officers and directors elected by the Retail Credit Association of Portland, Oregon, Inc. Our correspondent, however, through oversight omitted the name of Joseph A. H. Dodd of the Portland Gas & Coke Co., who was elected as one of the directors of the Association. Naturally, we regret this oversight.

Vicksburg Credit Women Organize

The Vicksburg Credit Women's Breakfast Club was organized October 8 with the following officers:

Mrs. L. K. Russell, President; Mrs. Fannie Voellinger, Vice-President; Miss Margaret Poats, Secretary; and Miss Leona Van Os, Treasurer.

Sam Solinsky in Rochester Hospital

Sam Solinsky ("Dollar Sign" Sam), Manager of the Retail Merchants' Association of Beaumont, Texas, is in a Rochester, Minn., hospital for an operation.

What Is the Most Important Retail Credit Problem for 1937?

Each year we have asked this question and, always, we have received, and published, such a number of worthwhile replies that this feature has come to be regarded as an annual symposium of nation-wide credit opinion.

This year we want to publish as many answers as possible—we want to make this a veritable cross-section of the "credit thinking" of the profession throughout the United States and Canada. So please make your answer brief—not over 50 words—and to the point. Mail it to the National Office before December 20, if possible.

R. L. Lynn, Jr., Heads Heironimus Co.

Succeeding his father, who died in early October, Robert Lee Lynn, Jr., former Vice-President of the S. H. Heironimus Co., Roanoke, Va., has been named President. Mr. Lynn has stated that the policies of the store prevailing under his father's management will continue. He is 28 years old, having been but 26 when named Vice-President.

Rosensweig Now Controller of Namm's

Leonard R. Rosensweig, formerly Credit Manager of Namm's Department Store, Brooklyn, N. Y., has been named Controller of that firm. Albert S. Kleckner, Assistant Credit Manager, succeeds him as Credit Manager.

"Know the Man"—Says Dr. Giannini

Through the special permission of Mr. Cecil B. De Mille, of Paramount Pictures, Inc. (Director, *Lux Radio Hour*), we reproduce a statement on *character* made by Dr. A. H. Giannini of the Bank of America, San Francisco, in the course of a recent radio interview:

"It's been a long time since I've practised medicine, but I haven't forgotten that a doctor must know not only the *body* but the *man* as well. In a similar manner, have I made *character*—as well as a man's business—the real basis for my confidence in him."

A good thought for credit men to store away in their memories!

Portland Association Obtains Page Publicity

The Portland (Ore.) Retail Credit Association recently obtained a full-page write-up of the workings of credit, as well as those of the Credit Bureau, in the feature section of the *Sunday Oregonian* (issue of October 11). Anyone interested in this type of publicity will find it well worth his while to write John N. Keeler, President, Credit Reporting Co., Panama Building.

New York Credit Women Hear Editor Discuss the "Forgotten Customer"

At the breakfast meeting of the recently organized Retail Credit Women's Breakfast Club of New York City (November 12), W. D. Hart, Retail News Editor of *Women's Wear Daily*, stressed the importance of personal contact with customers and understanding of their wants.

"You as credit managers and assistants should talk to customers," he said. "Take an interest directly in them and their problems. The trouble is that too many never think of a customer, so long as she pays her bills and has no complaints.

"She goes along as a very satisfactory patron for years. Suddenly she becomes slow in her payments. Then, just as suddenly, the credit department becomes suddenly interested in her. What would *your* reaction be, in a similar circumstance, if *you* were the customer?"

New Officers for Muskegon

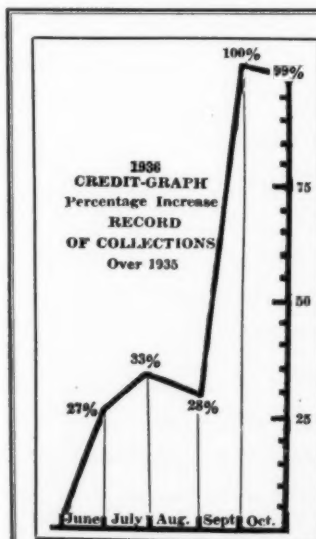
At its annual meeting, November 9, the Muskegon Retail Credit Association reelected the following officers:

T. J. Mangin, Jr., President; A. M. Dixon, Vice-President; F. H. Cooper, Secretary; and R. L. Appel, Treasurer. Directors, besides the officers, are J. B. Bereth and R. D. Mange.

St. Louis' Annual Christmas Party to Be Staged December 10

The Associated Retail Credit Men of St. Louis are completing preparations for their annual Christmas Party, which will be held December 10. Dinner, entertainers, "fun, frolic, and dancing" are promised the guests.

The St. Louis Association, under the able leadership of George L. Neuman, President, and A. J. (Gus) Kruse, Secretary, has had a number of instructive and educational meetings throughout the year but *this* promises to be the *outstanding* event for 1936.



"Credit-Graph System" solves the most vital problem of credit business; namely, effecting collections when due--without offense!

Nothing similar has ever been used before. SAVES collection COSTS, ELIMINATES collection LOSSES. STOPS LOSS OF HIGHLY VALUABLE TRADE.

No letters, stickers, or personal calls were used to get these results.

"Credit-Graph" is adaptable to any present collection system.

Study this marvelous Credit-Graph collection record since its use in May, 1936

No wonder that progressive executives unhesitatingly endorse and adopt "Credit-Graph System" as the most efficient, and only non-offending collection system ever devised. There is a reason: Let us tell you why.

Start the year right by using "Credit-Graph System." (Copyrighted.) Costs no more than old type statements!

We Are in Business to Help Business, So Feel Free to Write Us Now

CREDIT-GRAPH SYSTEMS, Jackson, Mich. or Somerset, Mich.

A Suggested Program for "Pay Promptly" Advertising and Publicity

(For detailed information see article on opposite page)

Here is an outline of advertising media that can be employed to good use in "Prompt Pay" propaganda:

Radio:

Spot announcements on N. B. C. or Columbia Affiliated Stations. (Approximate cost \$10.00-\$20.00 per announcement.)

Five- to fifteen-minute programs on local stations. (Approximate cost \$3.50 to \$7.00 each.)

Supporting programs of educational nature by commercial banks, industrial banks, and like financial institutions. (No cost to associations.)

"Good Will" programs by chambers of commerce and trade organizations. (No cost to associations.)

Newspapers:

Special advertising copy prepared by national or local committees to run monthly. (Approximate cost \$1.20 per column inch. *This depends on locality.*)

Especially prepared copy to be run in editorial columns. (This idea must be sold to local editor—no cost.)

Terse copy inserted between "local and personal" items. (Cost varies—50c to \$1.00 per insertion.)

Direct by Mail:

Inserts prepared by special committees to be mailed out by merchants in regular billing. (No cost except for printing.)

Stickers for general use on "remit" notices by individual firms. The National Association furnishes excellent examples of this material. (See CREDIT WORLD—cost approximately \$2.00 per 1,000.)

Rubber stamps (for firm use) with special "pulling" copy.

School and Church Cooperation:

Essays by school children on good credit practice and "Prompt Pay."

A. High school contests.

B. Junior school contests.

Prizes should be given. Cooperation can be gained through teaching staff, especially in English and Social Science Departments.

Lectures before high school and college classes by credit experts. Credit schools conducted evenings by associations.

Papers and informal talks before Sunday school classes—supported by biblical illustrations. These discussions can be heard from both credit people and individual members of classes. Prizes may be given.

Inter-Association Activities:

Constructive activity by editorial staffs of credit publications and state and local bulletins on "Prompt Pay" matters—to stimulate the bureau manager and the credit personnel themselves. (Every collection letter should be a "Prompt Pay" message.)

Fostering of close cooperation between advertising departments and credit departments within businesses.

Finally, constant vigilance by all credit personnel and strict adherence to community credit policies.

—WM. S. HOLMAN.

"Let's Advertise!"

By WILLIAM S. HOLMAN

Credit Manager, G. A. Stowers Furniture Company, San Antonio, Texas



UNTIL challenged, we in Texas must take the stand that we have been the pace-setters in credit education and "prompt pay" advertising throughout the Nation—although this work has been carried on in some manner in almost all communities.

It is probable that credit volume during 1936 will reach a new peak; if not in dollar volume it will certainly scale a new height in number of contacts with the consumer due to lengthening of installment payments.

This fact makes the necessity for "prompt pay" education a national problem: To place credit before the customer so intensively that he will understand *his obligation to himself and to his merchant* as the most vital factor for recovery and continued prosperity—that he will discuss retail credit even as he does *other great national issues*.

Subconsciously, everyone understands credit as a part of culture, in that it is idealistic—dependent upon mutual confidence, trust and character.

We must admit that we have this ingenious human vehicle as a permanent institution—a corollary of the machine age, if you please; for mass production demands mass selling, especially of commodities whose value exceeds the cash resources of the prospective buyer.

Statistics reveal that while the average customer of retail stores is primarily honest (in 97 per cent of the cases—losses from bad debts being below 3 per cent), this same average customer pays his bills on the exact due date in only about 50 per cent of the cases.

The motive for all retail endeavor is profit. By and large, profit is gained in two ways: Stock turnover and collection turnover; all other effort is incidental.

Therefore, in this elementary discussion, *what are the benefits—direct and indirect?* "Prompt pay" publicity and education arouse community credit consciousness. They bring the reader (or listener) face to face with the importance of credit. They cause him to reflect over his

•
An earnest appeal
for consistent and
constructive com-
munity
"Pay Promptly"
Advertising
•

Thus far there have been three phases in the development of merchandising on credit: First, the willingness of early retailers to exchange credit experiences—the direct inquiry—for mutual protection. Second, the knitting together of this idea of exchange of credit information into an air-tight recording system, local, state and national in scope. And now credit education and advertising, which seek to place a high value on good credit as an individual asset and to urge the consumer to actually buy on credit and establish for himself and family a good paying record.

We in Texas have employed all of the suggestions in the "Suggested Program" shown on the opposite page—to good advantage—in selling "prompt pay" to our consumers at a very small cost to the individual merchant. Our latest triumph has been an arrangement in San Antonio whereby a course in "Good Credit Practice" will be taught in our city schools. We anticipate sound future business in our community due to this triumph.

We urge the National Association to foster this work as a major project during 1937.

If the "bug" bites you as it has bitten us you will delight in writing newspaper "copy" and advertising "continuity" for the radio and when your collection percentage surges and some "Brain Truster" announces in an exclusive interview that retail credit in the U. S. A. is as safe as Government Bonds, you will relax for a moment of silent meditation and say, "I helped."

So: *Let's Advertise!*

Editor's Note:

Mr. Holman says: "Every ambitious person must interest himself in some non-compensating work which strives to improve social relationship. My hobby is credit education."

¶ Down in Texas, he has been recognized for many years for his effort in this direction. He has served as local Chairman for several years—and has been State Chairman of Educational and Advertising Activities under three administrations. ¶ A member of the "Pay Promptly" Committee of the National Retail Credit Association, he is also Second Vice-President of its Eighth District and a Past President of the San Antonio Retail Credit Association.

own credit status. They reveal the value of collective advertising seeking an ideal, by which industry, wholesale and retail, profits.

Local, State & National Membership Drives

(Continued from page 23.)

bet we are." This enthusiasm will carry each of us on to the finish. Captains and officers will receive full cooperation from every member of their team.

With the selection of the membership chairman and committee from our officers for the ensuing year, this same contest can be carried on from year to year, on the same basis as that of real football teams of the schools.

We are all, at heart, sportsmen, and who does not want a real contest with that fighting spirit—that "old pep"? "We will not let the other team win" is the spirit it takes to put over a membership drive. *Yours for more new members!*

Prentice Cobb Hale Passes

Prentice Cobb Hale, active President of Hale Bros. Stores, Inc., with headquarters in San Francisco, and a pioneer merchant of California, died in New York City, November 21, while on a business trip in the interest of his firm. He was 78 years of age and had devoted his entire life, since boyhood, to the upbuilding of his organization.

"He was a useful citizen," said the San Francisco *Call-Bulletin* in an editorial, "whose long life was of great service to the community, the state and the nation. He was a builder and what such a man builds lasts long and is forever good."

A member of the Commonwealth Club of San Francisco since 1909, he was a member of its Board of Governors from 1923 to 1935, and had been the Club's Treasurer since 1925.

Frank Batty, General Credit Manager of the Hale Bros. organization, and Past President of the National Retail Credit Association, was an honorary pallbearer at the funeral services held in San Francisco, November 28.

Fort Worth Develops Comprehensive "Delinquent Account" Letter

The Fort Worth (Texas) Retail Credit Association has, for years, made a practice of sending letters (signed by the Secretary) to those whose names appeared as delinquent with two or more members.

The committee in charge of this work, deciding that the letter did not "put over" the idea properly, has developed a four-page letter in which the whole story of credit is told with words and pictures. Full details will be given in our next issue.

Wedding Bells in Pittsburgh!

W. Gould Taylor, President of the Retail Credit Association of Pittsburgh, Pa., was married last month to Miss Madaline McClaren of Oil City, Pa.

Pittsburgh papers also announced the engagement of Harry E. Wilson, Credit Manager of Gimbel Brothers, Pittsburgh, to Miss Lois Pauline Hartman of Mount Lebanon, Pa.

Newark Merchants Organize Credit Bureau

The merchants of Newark, N. J., have organized their own credit bureau—the Retail Merchants Credit Bureau, Inc.—with the following officers:

President, F. J. Fitzpatrick, Kresge Department Store, Newark; Vice-President, Stuart Kirk, Hahne and Co., Newark; Secretary-Treasurer, E. I. Amthor, L. Bamberger & Co., Newark.

Directors: H. Suyker, L. Bamberger & Co., Newark; H. E. Barnes, Kresge Department Store, Newark; J. W. Bird, Hahne and Co., Newark.

A large office has been engaged in the center of the city, modern equipment will be installed at once, and the Bureau will be managed by Mr. D. M. Dempsey who has been for the last twelve years with the Credit Bureau of Greater New York (and more recently assistant to Mr. A. B. Buckeridge, Executive Manager of that Bureau).

Commendation for Research Division

A number of association secretaries have made special mention of the value of the monthly figures on "Credit Sales and Collection Trends" released by our RESEARCH DIVISION. A few of these follow:

"We think you are doing a good job. Our group appreciates knowing how other cities are doing. It's a good yardstick."—*Salt Lake City, Utah.*

"The Research Division is doing an outstanding piece of work—getting valuable publicity for the National—providing information that is accurate and complete."—*Kankakee, Ill.*

"We have found these highlights both of interest and instructive. Many favorable comments from merchants."—*Compton, Calif.*

"Very interesting and indicative of business trends throughout the nation."—*Port Huron, Mich.*

"Our newspapers like this information and always run it on the front page."—*Evansville, Ind.*

"We find these reports are of considerable value to us."—*Fort Worth, Texas.*

Credit Control System Wanted

WANTED to buy secondhand credit control system; prefer two tube Rotary Pedestals suitable for 5,000 names each. Could possibly use Visible Vertical Panel Racks. Quote price and description. Address Box 122, CREDIT WORLD.

Positions Wanted

COLLECTION MANAGER—Desires to make change. Law school graduate and duly licensed New Jersey attorney, age 30. Prefer organization in New Jersey but will go to Pennsylvania, New York or Delaware for good opportunity. Capable and experienced in handling and supervising complete collection department. Address Box 121, CREDIT WORLD.

CREDIT MANAGER—College graduate, 35 years old; 10 years' experience in retail credit and finance business. Capable of assuming full charge of credit and collection department. Address Box 123, CREDIT WORLD.

CREDIT MANAGER—Age 30; ten years' experience in credit granting, most of which was spent with high class, Middle West, ready-to-wear house. Has also had experience with large department store. Particularly likes installment credit and collection work. Address Box 124, CREDIT WORLD.

CREDIT MANAGER—33 years of age; high school and two years' college education. Fifteen years' business experience in credit and collection management, accounting, purchasing, personnel and office management. Thirteen years with large oil and refining company. Highest recommendations as to character and ability. Single. Address Box 125, CREDIT WORLD.

CREDIT WOMAN—Fifteen years' experience as bookkeeper, cashier, office manager and credit woman. Knows how to open and handle accounts and collections. (Also knows credit bureau work.) Pleasing personality. Address Box 126, CREDIT WORLD.

The Membership Drive Goes Forward

"On All Fronts"

IN SPITE of heavy retail business and advanced holiday buying throughout the length and breadth of the United States and Canada, membership activities continue unabated. Many sections, in fact, have shown increased activity during the past thirty days.

Mr. Crowder, who has just returned from a trip through Wisconsin and Minnesota, reports enthusiastic meetings and a renewed interest in the National Association in every city visited.

As an example, he mentioned *Eau Claire, Wis.*, a city of 26,287 population, where 285 merchants and credit executives and personnel were present at the meeting he addressed. Mr. E. C. Amundson, Manager of the Northwestern Credit Bureau, Inc., of Eau Claire, is a hard worker and an efficient organizer.

* * *

Speaking of *Wisconsin*, it is the prediction of Aug. C. Wehl, President of the Thirteenth District of the National Retail Credit Association (and a former National Director), that the state will come across with 300 new members by May 31!

Mr. Wehl, himself, personally closed ten applications for local and National membership—by telephone—in one afternoon! This just shows *what can be done* with a little intensive selling effort.

What one man can do, others can do if—they apply the same determination and "go after them."

* * *

Eugene, Oregon, has come in—"100 per cent National"—with 121 new National members. We have asked Mr. S. H. Seashore, the energetic Secretary of Eugene, for further details for the January issue.

* * *

Winterset, Iowa, is another newcomer, with 15 new National members obtained through the efforts of Foster W. Powell, General Manager of the Madison County Credit Bureau of Winterset.

* * *

From *Colorado Springs, Colo.*, E. Bland Cresap, Secretary-Treasurer of The Credit Reporting Company, has sent us a copy of a bulletin front page—the "opening gun" in his new membership campaign—with this comment:

"I am not doing this out of the bigness of my heart, but because I firmly believe that our own members who receive and study *The CREDIT WORLD* will appreciate and use our services more than those who go along in the same old rut without being aware of the constant changes going on in the field of retail credit.

"Here's hoping our combined efforts here will result in more National members—a better local association—and a stronger credit bureau."

* * *

Pittsburgh, Pa., continues its stride, having sent in 38 new members during November!

* * *

Kansas City, Mo., also sent in 16—*Modesto, Calif.*, 10—and *Memphis, Tenn.*, 6—new members for November.

Jefferson City, Mo., through the enthusiastic efforts of S. R. Peltason, Manager of the Jefferson City Credit Bureau, has gone "100 per cent National," having already sent in 17 new National members. We quote from Mr. Peltason's letter:

"We have definitely decided that the local association will be 100 per cent National and, apparently, we will have around 30 members by January 1.

"If I know my merchants and city correctly, about 20 additional members will come in after we start activities."

* * *

Texas, under the leadership of C. A. Caldwell of Dallas, is staging a state-wide membership campaign and we expect to hear of some real results from there by the time the campaign closes next May.

* * *

And, last but not least, *Nashville, Tenn.*—last month's "challenger." As this article was being written, we received the following telegram:

L S CROWDER GENL MGR TREASURER
NATIONAL RETAIL CREDIT ASSOCIATION
ST. LOUIS MO

WE HAVE REACHED OUR QUOTA ONE HUNDRED NEW MEMBERS STOP HOW IS OUR CHALLENGE STANDING STOP WE ARE OUT TO WIN AND WE ARE NOT COASTING ON THE SUCCESS WE HAVE HAD STOP WILL HAVE OVER TWO HUNDRED MEMBERSHIP BY YOUR JANUARY VISIT SEND FEW MORE LAPEL BUTTONS CORDIALLY

HARVEY W KING
CHAIRMAN NEW MEMBERS COMMITTEE
NASHVILLE RETAIL CREDIT ASSOCIATION

And that, we believe, is what is called the "last word"!
—DANIEL J. HANNEFIN.

Membership Blank

National Retail Credit Association
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.....

Title.....

Firm.....

Address.....

City..... State.....

Recommended By.....



The CREDIT CLINIC

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience ...

How the John Taylor Dry Goods Company Handles Auditing and Billing

LAST month, The CREDIT CLINIC published a summarized analysis of the methods used by fifty department stores in auditing and billing charge sales and cash receipts. The material was taken from a confidential study (Number 32) made by the RESEARCH DIVISION of the National Retail Credit Association.

H. J. Burris, Manager Monthly Charge Account Sales, John Taylor Dry Goods Company, Kansas City, made such a detailed and comprehensive contribution to this study that we asked his permission to publish it for the benefit of all readers. It follows:

Our charge sales tickets have an audit voucher attached to the top of the ticket, the audit voucher and the sales ticket separated by a perforated line which makes them easier to detach. We have a very large Sorter-Graf machine located immediately adjacent to the charge authorizing station in the Tube Room. As charges are authorized there, they are turned over to the girl who operates the Sorter-Graf.

She accumulates the authorized tickets in reasonable-size bunches and is equipped with a Comptometer and a Burroughs Adding Machine. She proves the mathematical correctness of all tickets going through her hands; then she runs a list of the totals on the audit vouchers. These two totals, of course, must agree, proving that the amount turned over to the Credit Department and the amount turned over to the Auditors on the audit vouchers are the same.

The Sorter-Graf girl sorts the sales slips into the Sorter-Graf machine as soon as she has proved them. She also sorts the audit vouchers into a separate unit, according to departments and clerk numbers. At the end of the day, all she has to do is strike a total on the subtotals she has been accumulating during the day and that will be the grand total of the day's work, to be turned over to the two departments.

You will see that the Auditing Department does not have to wait on the Credit Department and the Credit Department does not have to wait on the Auditing Department. Each has its own work which has been proved and we have absolutely no trouble in keeping the two departments together with their figures.

The Sorter-Graf machine breaks down the sorting so fine that it is not necessary to re-sort the work before it can be used in the Bookkeeping Department; this, you can readily see, is a very great saver of time and expense.

We hire a stuffer or helper for every bookkeeper and we never run double shifts in either the Credit or Audit-

ing Department. Occasionally the Bookkeeping Department will work until nine o'clock at night but this does not happen often and they never work later than nine.

We think it a very good idea to have an assistant for each bookkeeper as it is always hard to go out on the open market and get a good machine bookkeeper; so we train the helpers to be able to take the places of the regular bookkeepers (if they leave us or should be absent for any reason). We have found this plan to be very satisfactory.

Now, in regard to the time elapsing before a day's work is actually posted to the ledgers, this naturally must depend a great deal on conditions. There are times when we post "this morning's" work "this afternoon." Most of the time we post "today's" work "tomorrow," but this cannot be done immediately following the first of the month when the bookkeepers get three days behind (running off their monthly trial balances and bringing forward the previous month's balances to the new statements).

A sale week or the period around Christmas oftentimes will make the volume going through the Bookkeeping Department so very heavy that the work cannot be kept up, but we have always been able to catch up with a few evenings' work up to nine o'clock. For this we pay our bookkeeping staff their "supper money" of 50c each and regular time for overtime.

Our bookkeepers' assistants do all the preliminary work, such as proving against the Sorter-Graf girl's fig-

What's Your Problem?

You are invited to make this page your page—for the solution of any problems of credit practice or procedure which may confront you.

Or if you have a special problem on which you wish private information, our Research Division will gladly make a special "confidential" study for you, obtaining the desired information from reliable sources.

ures, the cashier's figures and offsetting the trays, which we do instead of actually stuffing the tickets in them, and they also prelist all items to be posted and pick up the old balances on the bookkeepers' proof sheets.

These sheets with the tickets are then turned over to the bookkeeper and the bookkeeper's figures have to tally with the figures predetermined by the bookkeeper's assistant. You will see that with this system we have all the advantages of a dual system for accuracy, yet we run a unit system.

Who Says the Credit Man Is Not Sales-Minded?

By A. R. MACOON

Credit Manager, J. F. Hink and Son, Berkeley, Calif.



SO MUCH has been written by salesmen, sales managers, advertising managers, store managers—and even credit managers—about the credit man not being sales-minded that it has become positively nauseating!

No matter what happens to prevent a sale, it is always the credit department that is at fault. A salesman may spend hours trying to make a good sale but—if the credit information he turns in with his sale is erroneous, incomplete or the name misspelled—if the application contains any number of mistakes that are made by salesmen in taking a credit application—all of which handicap the credit bureau in working its report up intelligently and quickly enough to suit the customer or comply with promises made by the salesman—then *the credit department is at fault!*

The advertising manager may (and does) spend hundreds of dollars on an ad to bring customers into the store but—if the credit department turns down or rejects the applications of a few of the many customers who apply for credit in order to take advantage of the advertisement—then the credit department is “throwing business (that the advertising department brought in) out the front door.”

In the appliance departments, great stress (in advertising) is placed on “no down payment,” also “terms of 24 to 36 months” or, possibly, “the first payment may be made in from 60 to 90 days from date.” The fact that *credit terms are being sold and not merchandise* is ignored. It does not take a smart sales manager or advertising manager to tell the world it may buy merchandise now for nothing down and “payments of only a few cents a day.” Even an ignorant credit man could do that, *were he so foolish!*

Who gets the credit when sales are increased because of too liberal terms of credit being granted? *Does the credit man?* No!

The advertising manager and the sales manager do. If an up-and-coming credit manager should tell one of his applicants for credit that he might buy \$100.00 worth of appliances for \$90.00, would the store manager give him a gold medal? “Oh, Yeah!”

No, it isn't legitimate to upset any apple cart but the credit man's; but it's open season the year 'round to throw the hooks into the credit department and nearly everyone is glad-handed for doing so. Sales managers and advertising managers seem to believe they have thought up something big and very commendable when they advertise and *cheapen* credit, but any dumb-bell can give something away. Even a poor credit man might do that!

It is all very fine to promote long-term credit, provided the selling force does it and leaves the future grief up to the credit and collection departments. If the credit man turns down a poor credit risk, he is not sales-minded but, if he has a loss because he has been sales-minded enough to take on a border-line risk, then he “should have known better than to grant the credit in the first place.”

Is it not about time for the credit man to *speak up for himself* instead of accepting all the criticism that is being heaped upon him?

I maintain that the credit man is *always sales-minded* but the salesman *never credit-minded*. Most salesmen are more commission-minded than sales-minded and that goes for the sales manager as well.

It has been said that were it not for the selling force, we would all be out of a job. Very true.

It should also be said that were it not for the money being collected for the sales made there would not be any merchandise for the salesmen to sell. “So, what the hell?”

If we were to grant credit to every poor credit risk that our advertisement of cheap credit terms brought into

The Worm Turns!

“I have heard so much comment about the credit manager not being sales-minded enough,” wrote Mr. Macoon, when submitting this article, “that it has finally got under my skin to such an extent that I had to have a few words typed relating to that subject.” (Editor's Note: It's good reading, too!)

the store, we would not only lose our jobs but the salesmen would soon be without a commission check—and *that really would be the credit man's fault!*

Editorial Comment

(Continued from page 2.)

at their face value *because the N. R. C. A. is recognized for its accurate fact-finding.*

The merchants, property owners and residents should be proud of this statement, because it shows that the average citizen here has a good credit standing and wants to keep it that way, *and does maintain it by paying promptly*—when one stops to consider that the national average for increased store collections was 5.3 per cent and Lauderdale showed a 25 per cent gain, or slightly over four times more than the countrywide mark!

Two Inserts for "New Year" Statements

HERE are two special inserts, designed especially for use as statement enclosures during the New Year period. They can be used singly or as a series of two—one in December, the other in January.

It's An Old Chinese Custom

IN CHINA, the ancients, at the beginning of the New Year, following a time-honored custom, called on all their creditors—and paid their bills—in full!

The New Year is a time of good resolutions—a good time to arrange to pay all past due bills and then—arrange finances so that future bills can be paid promptly when they are due or according to agreement.

Prompt payment builds a good credit record and promotes prosperity.

A good credit record is priceless. Pay all bills promptly and protect it!

National Retail Credit Association



The insert above urges payment of all bills—in full—as a good beginning for the New Year. For this reason it should be enclosed in "end-of-December" statements.

Printed in bright red and green inks, it has an "eye-catching" attractiveness which assures its being read. This same message can be furnished in mats for newspaper advertising also; this would give added strength to the enclosures. (6" x 9"—\$1.50; 4" x 6", \$1.25.)

We recommend that local associations combine the requirements of their members—order enough inserts to take care of all of them—and also use the mats in newspaper ads to appear immediately after Christmas.

On such orders—if in sufficient quantity—we will gladly quote special prices with the name and address of the local association (instead of the National's) imprinted. Orders to be imprinted must be received at once to assure delivery in time for December statements.

The insert below can be used singly or in January statements as a follow-up to the December insert.

However, the use of the two inserts in conjunction with the newspaper ad mentioned above will give your community a combination newspaper and direct mail "New Year's" pay-promptly campaign that will prove doubly effective.

The price of either insert is \$2.50 per thousand, postpaid. Actual size of inserts is shown by dotted lines.



"I've Turned Over A New Leaf, Son!"

"I've made just one New Year's resolution—to pay my bills promptly when they're due.

"The ups and downs of last year taught me the value of a good credit record. I'm going to pay my bills on the tenth of the month from now on.

"That's a mighty good resolution for you, too, Son!"

National Retail Credit Association



(Order from your credit bureau or the National Office.)

For further information write the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

"The First Four Pages of Your Blue Book of Credit and Collection Letters Are Worth the Price I Paid for It!"



Read the Letter:

Gentlemen:

With reference to the Blue Book of Credit and Collection Letters, which the writer purchased a short time back:

I am frank to say I think the introductory or first four pages of this book are worth the price I paid for it.

These pages contain good sound advice that is worth a great deal to anyone in credit work and more especially to those who are just starting out. If I were a beginner I would not be without this little book for twice the price.

I think the letters are splendid and the whys and wherefores that go with them are so helpful, I do not believe anyone in this line of work will ever regret the purchase of one.

Yours very truly,

*L. F. Gibbs, Credit Mgr.
M. Levy Co., Inc.
Shreveport, La.*

THIS book, prepared especially for the members of this Association, contains tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

Letters for every credit and collection department need—33 of them—any one of them worth more than the special price we have made on this book.

"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have been received. Read the typical letter at the left.

A glance at the subtitles will give you an idea of its contents:

Make Your Letters More Effective—With the "You" Viewpoint

The Secret of Prompt Collections—Uniform Credit Procedure

Starting New Accounts Off Right (With a series of letters for use on new accounts)

Educating Old Customers to Pay Promptly (With a series of letters for use on old accounts)

Installment or Budget Account Letters

Special Letters for Special Problems

Letters to Revive Inactive Accounts (With reports of actual results)

Letters That Build New Charge Account Business (Actual letters shown)

SPECIAL PRICE \$1.00 POSTPAID

(To members only; to nonmembers,
\$1.50 postpaid)

National Retail Credit Association

1218 Olive Street

St. Louis, Missouri

Over 7000 copies now in use by National Members!



Keep your customers — PLEASED

Collection letters may be perfect examples of tact, yet many customers resent the most reasonable requests . . . Somehow people prefer to transact their financial business with banking houses.

You may satisfy this preference through an arrangement with Morris Plan in one of the cities below. Such an arrangement will enable

your customers to amortize their indebtedness in a confidential, convenient manner—while your store will receive immediate cash payment in full.

The same fair terms and rates apply to the financing of new purchases.

Your nearest Morris Plan, or this Association, will gladly help you keep your customers—*pleased*.

This series of advertisements is sponsored by Morris Plan institutions in the following cities:

AKRON, OHIO
ALBANY, NEW YORK
ANDOVER, OKLA.
ASHEVILLE, N. C.
ATLANTA, GEORGIA
AUBURN, N. Y.
BALTIMORE, MARYLAND
BARTLESVILLE, OKLA.
BERKELEY, CAL.
BINGHAMTON, N. Y.
BOSTON, MASS.
BRIDGEPORT, CONN.
BROCKTON, MASS.
BUFFALO, NEW YORK
CAMBRIDGE, MASS.
CEDAR RAPIDS, IOWA
CHARLOTTE, N. C.

CHATTANOOGA, TENN.
CINCINNATI, OHIO
CLEVELAND, OHIO
DALLAS, TEXAS
DAVENPORT, IOWA
DAYTON, OHIO
DENVER, COLORADO
DES MOINES, IOWA
DULUTH, MINNESOTA
FORT WAYNE, IND.
FORT WORTH, TEXAS
HARTFORD, CONN.
HOLYOKE, MASS.
KANSAS CITY, MO.
KNOXVILLE, TENN.
LAWRENCE, MASS.

LEWISTON, MAINE
LOUISVILLE, KY.
MALDEN, MASS.
MINNEAPOLIS, MINN.
NEW BEDFORD, MASS.
NEW HAVEN, CONN.
NEWPORT, R. I.
NEWPORT NEWS, VA.
NEW YORK, N. Y.
NORFOLK, VIRGINIA
OAKLAND, CAL.
OKLAHOMA CITY, OKLA.
PAWTUCKET, R. I.
PETERSBURG, VIRGINIA
PHILADELPHIA, PA.
PHOENIX, ARIZONA
PORTLAND, MAINE

PROVIDENCE, R. I.
RICHMOND, VIRGINIA
ROANOKE, VIRGINIA
ROCHESTER, N. Y.
ROXBURY, MASS.
ST. PAUL, MINN.
SAN ANTONIO, TEXAS
SAN FRANCISCO, CAL.
SCHENECTADY, N. Y.
SHAWNEE, OKLA.
SPRINGFIELD, MASS.
SPRINGFIELD, OHIO
STOCKTON, CAL.
SYRACUSE, N. Y.
TAMPA, FLORIDA
TERRE HAUTE, IND.

TOPEKA, KANSAS
TULSA, OKLA.
UTICA, NEW YORK
WASHINGTON, D. C.
WATERBURY, CONN.
WATERLOO, IOWA
WESTERLY, R. I.
WEST WARWICK, R. I.
WICHITA, KANSAS
WILMINGTON, DEL.
WILMINGTON, N. C.
WINSTON-SALEM, N. C.
WOONSOCKET, R. I.
WORCESTER, MASS.
YONKERS, N. Y.
YORK, PENNSYLVANIA



MORRIS PLAN BANKERS ASSOCIATION

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